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No. 1666

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## PROBLEMS OF CRUISE MISSILES DISCUSSED

DW261236 Hamburg DER SPIEGEL in German 24 Nov 80 pp 145-151

[Text] NATO proposes to set up hundreds of cruise missiles in Europe. Yet, the atomic cruising robots are not invulnerable, their flying test has been postponed.

It was just in passing that the man from Washington discussed what may well become a matter of destiny to millions of Germans: where exactly the new NATO deterrence weapon is to be stationed in the Federal Republic.

"The positions of the cruise missiles," said David E. McGiffert, under-secretary in the Pentagon, "will be announced soon."

Before this is done, however, a small matter needs to be "settled" in keeping "with specific criteria": how the financial burden is to be distributed.

Late last year when NATO agreed in the so-called decision on the arms-gap closure to deploy 464 U.S. cruise missiles in five European alliance countries beginning in December 1983, the Americans were still generous: they promised that the NATO purchasers need to reimburse the stationing costs only later.

But now, McGiffert hinted at NATO headquarters in Brussels Thursday before last, they may have to pay immediately: "the feelings in the Senate," McGiffert said, "are 'disinclined' toward any other mode of payment."

What has so far become officially known are just the costs for the British: "London must raise \$19 million for measures of infrastructure (McGiffert) in southern England which is to be turned into a sort of nuclear fortress with 160 cruise missiles.

Whenever a politically highly explosive mood prevails U.S. flat-bed trailer trucks stationed on the airports of Greenham Common and Molesworth, would rumble into the hills so as to point their launching racks skyward threateningly.

The round receptacles of a pad contain four cruise missiles each per flat-bed trailer truck. Each truck operated by two men transports 800 kilotons of TNT, more than 40 times the quantity unleashed in Hiroshima.

A total of 96 cruise missiles is to be stationed in the Federal Republic, the rest in Italy, the Netherlands, as well as in Belgium (together with 108 "Pershing II" missiles which will be held in store for the Germans to boot). The NATO nuclear planning group decided in Brussels now that the cruise missiles be distributed all over the Federal Republic--at points which will be selected by the Americans in coordination with Bonn.

Yet, what critics fear to be a boomerang that may well provoke a destructive nuclear strike by Moscow probably will now be spared the Europeans for longer than expected.

Surprisingly the Pentagon in Washington has postponed all flight tests by one-half year which had been envisaged with ground-launched cruise missiles--Pentagon abbreviation: GLCM. Instead of in June 1981 as originally planned the U.S. Air Force will begin the "operational test phase" only late next year.

Obviously, difficulties have occurred in the programming of the missile computers into which the target data are fed for the jet-propelled missile. Above all, changes "at the last minute" before launching, for instance the impact of a new target, proved to be difficult.

"Complex problems" that occurred during the construction of the weapon were listed in a whole series by the U.S. specialized magazine AVIATION WEEK.

Thus lacking program tapes at the same time also blocked the construction of special components for the navigation system of the ground-launched cruise missiles.

But the maintenance and the "black box" are affected as well--the control system which makes the nuclear warhead of the cruise missile safe up to its detonation. "It even takes a year," AVIATION WEEK quotes a Pentagon source, "until the desired software [programmware] is ready."

Consequently, the gap in the field of medium-range weapons determined by NATO--the reason for the NATO decision on the closure of the arms gap and Moscow's protest against it--cannot be closed so quickly, at any rate not before 1984. For the usable Euro-medium-range weapons first need to be built.

Plans provided for the U.S. producer General Dynamics to deliver the first 11 GLCM's in 1981, to be followed a year later by another 54 cruise missiles. The Pershing II missiles, finally, will be on their launching pads only 4 years from now; that is a fact.

Now the aura into which the Pentagon had clad the cruise missiles for years is getting pale.

The journal U.S. NEWS AND WORLD REPORT, for instance, rejoiced that they are "revolutionary just like the first atom bomb." Once aloft, they said, the "wonder weapon" cannot be stopped anymore by any country in the world--unless it invests immense sums of money in a defense network and risks bankruptcy.

The USSR, Pentagon undersecretary William Parrey made up a reckoning, for example, must invest 10 years' time and \$50 billion if it wants to halt an all-round attack by cruise missiles. The bulk of the pack meanwhile would not even come from Western Europe but would be launched from submarines and B-52 bombers threatening the northern border of the USSR from the Arctic Sea.

Thanks to their rapid target selection cruise missiles had also been included into the reckoning under Carter's strategy of the "selected nuclear multiple strike."

This new target planning provides for attacking in the event of nuclear war primarily enemy military installations and command posts but not the population centers (SPIEGEL 35/1980). Cruise missiles slipping through the Soviet radar fence in low-altitude flight appeared to be particularly well-suited for that purpose.

Their range--3,200 kilometers--would suffice, together with the Pershing II missile, to destroy 60 percent of the entire Soviet military capacity in nuclear fire, said the German strategy expert Alfred Mechttersheimer.

But prior to the recent delay of tests, even military advocates had doubts with regard to what has been so far considered the highest triumph of nuclear armament.

A number of crashes occurred in 1979. Seven "Tomahawk" cruise missiles, launched from bombers, fell during the tests into the sea or crashed in the Californian mountains. And also the submerged launchings from the atom-powered submarine "Guitarro" in the Atlantic, ended sometimes with mishaps.

The European pattern of the GLCM type had covered 16,000 test kilometers in the air up to May last year. But just a few of the 29 launchings took place on the land. Most tests were made from planes, similar to the technically equal "Tomahawk" tests.

The Swiss specialized journal INTERNATIONALE WEHRREVUE reported that "NATO partners were concerned" also because of other problems.

In late 1978, one year prior to NATO's decision to close the arms gap, the U.S. Defense Department had a number of tests made to find out about the possible danger emanating from Soviet defense means for its cruise missiles.

The F-14 and F-15 fighter planes supported by AWACS radar reconnaissance and the German-French "Roland" anti-aircraft missile, demonstrated "what the Soviets will have in the mid-eighties," as Perry said at that time not particularly modestly.

Pentagon kept the results of the tests to itself--probably because the air force did not like them very much. Thereafter a spokesman considered it only "probable" that cruise missiles could penetrate the Soviet anti-air defense.

Ground-launched cruise missiles are in a double dilemma: Soviet armament technicians have begun testing anti-cruise missile rockets quicker than expected.

A great part of the Soviet Union's western territory is flat or hilly country. The electronic sensors of the cruise missiles obviously have difficulties with such terrain.

The cruise missiles' navigation system "TERCOM" ideally would need peaks of mountains and hills for setting the course.

The guiding system exploits a miniature and most accurate topography produced by espionage satellites circling the globe. A radar altitude meter feeds the landscape characteristics detected during the flight into the missile's computer, which compares the measurements with the topography.

In the western Soviet Union, however, there is only a limited number of characteristic points. The military authors of INTERNATIONALE WEHRREVUE believe that this fact is of advantage for the defenders: "The Soviets do not have to set up a wall-to-wall defense against the cruise missiles, they can concentrate on certain areas."

In these flight corridors the Soviet missile troops can set up their newest weapon: an anti-air missile named "SA-10." The special encyclopedia ROCKETS AND MISSILES writes in its newest volume that "The West cannot quite size them up." The NATO air strategists were so much surprised by its existence that they have not yet come up with a code word for the SA-10 missile.

ROCKETS AND MISSILES knows the following: "The SA-10 flies particularly well. It is built to hit low-flying objects."

But most of all it is fast. With Mach 5 and high lateral acceleration it is supposed to be in a position to catch up with every adversary. The missile has a search radar system built in its front part which is able to follow even objects with a minor reflexion surface such as cruise missiles.

The radar planes of the Soviets also demonstrate that Moscow is preparing to face an invasion of cruise missiles. These planes are flying command posts on the basis of "Tupolev TU-126" planes, called "Soviet Union AWACS" in NATO lingo.

The Soviet military obviously hope to detect cruise missiles on the background of the grounds with the help of their flying AWACS radar systems, detect them fast enough to alert SA-10 positions to launch their super-fast projectiles.

That would even more curtail the not only politically dubious value of the cruise missiles. They need from south England, for example, about 4 hours to reach the hinterland of the potential adversary--but then they would hit air bases whose fighter planes have been moved long ago to field airdromes or emergency strips.

The mobile 2SS-20 positions of the Soviets, which can be reloaded with new missiles, could hardly be hit either: once the cruise missiles have been launched, their programmed course cannot be changed anymore.

"Railway tracks are their best target," commented a NATO man, "but nobody will need them anymore if a war with medium-range arms will go back and forth in Europe."

CSO: 3103

## FINANCE MINISTER SPEAKS ON ENERGY

Nicosia CYPRUS MAIL in English 20 Nov 80 p 1

[Text]

**E**VERY saving should not necessarily mean reduction of productive activity, the Minister of Finance Mr Afxentiou said yesterday.

He was speaking at a seminar of energy saving in industry and commerce.

Mr Afxentiou said that the margins for energy waste have already been totally exhausted and the large amount of foreign exchange needed to secure energy supplies must cause serious thoughts.

He estimated the petrol bill for 1980 at £75 million which is 51 per cent of total domestic exports. All manufactured products exported are not enough to pay for the energy importations and the touristic exchange is hardly enough to pay the bill, he said.

Mr Afxentiou said the policy regarding electricity supply has now totally changed. Before it aimed at encouraging the use of electricity but now the policy is to discourage use of electricity for non-productive purposes and this is the aim of the new tariffs. Saving in energy means saving in production costs, he said.

The Minister pointed out that one electric power unit requires three units of energy in petrol at the power stations and reversely saving a unit of electric power means a triple saving in prime energy.

**End of an era**

Although every effort has been made for the new Dhekelia station to be more productive, the technological margins for dramatic changes are limited, he said.

Mr Afxentiou stressed that the era of cheap energy came to an end with 1973 and the abrupt quadrupling of the price of crude oil.

In Cyprus, he said, 35 per cent of imported petroleum products are used for the production of electricity, and two thirds of the power supply is used direct by the commercial and industrial sector.

This is the reason why so much significance is attached to appropriate education of the people on the matter and providing practical advice to technicians employed in industry and commerce for saving energy.

The seminar is sponsored by the Association of Scientists-Engineers, in cooperation with the Committee for Education of the Advisory Committee on Energy, the Electricity Authority, the Employers Federation and the Cyprus Chamber of Commerce and Industry.

## BRIEFS

CASOHOL PLANS--The Ministry of Industry is studying a project to combine alcohol with fuel. Such a program could ultimately account for 10 percent of the nation's fuel needs. More than beets or corn, the Jerusalem artichoke is preferred for producing this alcohol. [Text] [Paris LE MONDE in French 20 Nov 80 p 44]

OIL IMPORT STATISTICS--French crude oil imports amounted to 83.14 million tons for the first three quarters of the year, 13.1 percent less than during the same time period in 1979. In September, 7.5 million tons was imported, a drop of 27.1 percent. On the other hand, imports of refined products reached 13.2 million tons during the first 9 months of the year, an increase of 47.1 percent. [Text] [Paris LE MONDE in French 20 Nov 80 p 44]

CSO: 3100

## EC ENERGY DELEGATION VISITS ANKARA

Istanbul MILLI GAZETE in Turkish 29 Oct 80 p 3

[Text] Brussels (ANKARA AGENCY) -- A delegation composed of experts from the energy department of the Common Market Commission, which is the executive organ of the EC, will come to Ankara the first week in November and initiate preliminary preparations for the EC-Turkish energy cooperation agreement which has been under consideration for some time.

Suha Sumer, deputy undersecretary of the Turkish Energy Ministry who attended the "Energy Requirements of Developing and Less Developed Nations" seminar in Brussels last week, was in contact with Common Market Commission energy department authorities. Common Market authorities announced that the delegation to come to Turkey on 1 November would hold discussions with the competent organizations and Energy Ministry authorities and engage in an exchange of ideas on the sections and details to be contained in the cooperation agreement.

The major sections of the "EC-Turkish Energy Cooperation Agreement" reportedly will deal with evaluation of coal resources in Turkey and the gasification and liquefaction of coal and its use, what may be done in oil exploration and the extraction of heavy petroleum, making use of solar energy, and determining Turkey's potential by devising energy programs and classifying Turkey's energy requirements, and if the agreement goes into effect in the form desired, it will make a significant contribution to efforts to resolve Turkey's energy problem.

EC Commission energy department authorities contend that Turkey's energy problem is known and that they are aware of the importance of its energy requirements in Turkey's economic development and say, "The community's opportunities for energy cooperation are not excessive. Budgets for this are limited. However, considerable contributions may be created through non-EC resources which may be obtainable thanks to the special cooperation fund and the interesting nature of the projects Turkey proposes. The EC nations are ready to make energy investments in Turkey and to participate in the financing. Certainly, everything depends on Turkey's attitude."

8349

CSO: 4907

## EXTREME RIGHTWING TERRORISM ON THE INCREASE IN EUROPE

Amsterdam ELSEVIERS WEEKBLAD in Dutch 18 Oct 80 p 11

[report by Jan Van Den Beld: "Rightist Extremism Increasingly Oversteps Bounds, Boundaries"]

[Text] Bologna: Central Station; Munich: Theresienwiese; Paris: Rue Copernic. Three recent terrorist acts and around 100 dead. The ultraright attacks in Europe and antiextremist demonstrations scream out their distress about it. Governments waver, surprised as they are that the blackshirts waving runes have begun to operate beyond the bounds and across the borders. In part through its international contacts, this terrorism which stops at nothing eludes detection. Extremism finds a fertile substratum in economic recession and unemployment, and under these circumstances a climate of counterviolence and panic can come about.

On 19 September '80, the day before Yom Kippur, bank employee Michel Leloup, calling himself Marc Fredrikson, enters a Paris courtroom, surrounded by his life-guard of young men with grim, pale faces. He has already been found guilty of glorifying war crimes. Now he comes to tell the judge that "the holocaust of the Jews is a pure fabrication." Fredrikson vents his foulness constantly in NOTRE EUROPE, the monthly paper of the former FANE (Federation d'action nationale et europeenne), which recognizes him as its leader. His estimated 250 trusty followers pass in France for the most dangerous of the neofascists and antisemites. It was this organization which claimed credit for the attack on the Rue Copernic synagogue.

In the first 9 months of this year, the French Ministry of Internal Affairs counted 122 cases of ultrarightist attacks and arsons, and another 66 serious threats and acts of vandalism. In the spring, 49 members of the Jewish community in Nice--hotbed of extremism since the days of the OAS received written death threats. "Juifs dehor" is the watchword of an estimated 20 neofascist bands, from whom no Jewish property and--vide the Rue Copernic--ultimately no Jewish life is safe. And yet not so long ago Minister of Internal Affairs Bonnet declared with deadly calm that no extravagant ideas ought to be held with respect to this extremism.

For months this same minister had pondered whether he ought to take action against Fredrikson's FANE. Perhaps not entirely wrongly, for in the past it has been

shown repeatedly that organizations declared illegal appear again very little later under different names. The minister acted too late. On 3 September 1980, he banned FANE. That did not change anything, for that organization had already gone out of existence. Since 11 July, the F.n.e. (Faisceaux nationalistes europeens) had been established at the same address. And on Fredrikson's house in the Paris 10th arrondissement, the racist creed still shines: "One race, one struggle-- Israel must be laid waste."

An incident which was particularly disturbing to the French police was the stimulus for Bonnet's decision. A young police inspector, Paul Louis Durand, who had already been suspected of neo-Nazi activities for some time provided the immediate cause. Early in August, that is, just before the attack in Bologna, the Italian police reported him to be in a neofascist camp in Abruzzi. On 7 August he was charged and he was dismissed 6 weeks later. In the meanwhile, Durand was recognized in Nice, where he was found to be in contact with the suspects of the attack in Bologna, who were being held in Nice. Clearly, these facts opened Bonnet's eyes. They indicated irrefutably that rightist extremism not only attracts a number of madmen in its own country, but also operates internationally.

Since then the disturbance within the French police has only become more severe: last week the federation of police fraternal organizations declared that Minister Bonnet must be in possession of a list of 150 members of FANE/F.n.e., including 30 policemen.

#### Confusion

The conversion of the French minister after his long hesitation is characteristic of the lack of suspicion and the confusion with which the authorities in several European countries confront rightist extremism. For years they have aligned themselves against the danger of leftist extremism and its international ramifications. Neofascism was viewed as a clique of veterans with perverted ideas of nostalgia. Only 3 of the 179 pages of the Annual Survey for 1979 that was published recently by the internal security service in Bonn were concerned with German neo-Nazis and their international contacts. It is full of errors and does not contain a word about a training camp right over the German border in La Roche-en-Ardenne where 75 young neo-Nazis from the FRG, France and Belgium got together in the summer of 1979.

These paramilitary exercises were directed by the VMO (Flemish Militant Order), a band of 300 men equipped with trumpets and banners, under the command of Bert Erickson, a cafe owner from Antwerp. One of his men, Michel Graisse, declared bluntly on Belgian television 2 days after the attack in Munich that he is also a member of the Wehrsportgruppe Hoffmann, which is still suspected of the attack. He did not comment on whether Gundolf Koehler, who blew himself up with his own bomb in Munich, had taken part in the summer camp in the Ardennes.

Only in the most recent years have neo-Nazis in West Germany begun to exchange their activities in the fairly unsuccessful NPD [National Democratic Party of Germany] for extremist activities. In Southern Europe, the boundary between legal and illegal extremism has been tenuous much longer. In Italy the constitution forbids the reestablishment of the Fascist Party in whatever form. That could

not, however, prevent the former Fascist, Giorgio Almirante, from expanding his neofascistic Italian Socialist Movement (MSI) into the biggest ultrarightist political movement with the EC. His strategy remains true to Mussolini's principles with respect to extremism: In times of crisis, deeds, of violence must heighten the unrest among the population and create an atmosphere of polarization. Bologna is a sorry example of how well this formula can work.

#### Battle Group

All attempts to ban the MSI have thus far failed. One of its delegates to the Italian parliament, Pino Rauti, always turns up as the most important contact man with the foreign neofascist movements. He is able to build on his own experience, for during the Nazi years, this Hitler worshipper was contact man in Germany. In 1956, Rauti established the battle group "Ordine Nuovo," based on German bodily discipline, which served as the prototype of similar groups in other countries. When the battle group was banned in 1973, Rauti transferred to Almirante's MSI, but most of his fellow believers preferred to continue the battle underground. Among the terrorist groups that were produced in that way, the NAR (Nuclei Armati Rivoluzionari [Armed Revolutionary Cells]) has certainly been able to inspire the most awe, most recently in Bologna.

The official parliamentary status of neofascism in Italy can perhaps explain why the power of the law operates much more hesitantly against the ultraright than against the ultraleft. Cases were made to stick against neofascists, but a verdict was reached in only a small percentage of them. In the years of the Greek junta, anyone convicted generally was able to get away to his friends in Athens, but several years ago Karamanlis made it more difficult for the loud Italian neofascists, especially since they began to engage in the reestablishment of Greek neofascism.

Now Italian neofascists take a trip to France or Spain if need be. In this latter country open neofascism is possibly even more closely entangled with its illegal counterpart than in Italy. Blas Pinar's neofascist "Fuerza Nueva" [New Force] pulls in 2 percent of the vote in the elections. As reliable members of parliament declare, the illegal wing of the party has much influence on rightist soldiers, the secret service and the security service.

Since the death of Franco, his followers have established a few dozen paramilitary organizations, including the youth group "Fuerza Joven," with 3,000 members. Spanish civilians are not allowed to wear uniforms, but that did not prevent Fuerza Joven from having its members appear on Hitler's birthday in an SS-like outfit. The new growth of neofascism has been poured full of extremist poison at training camps. Groups travel each Sunday from Madrid to the "Holy Maria of the Fresh Air" training camp, which is under German leadership. Bodily combat and the swinging of baseball bats are standing exercises. The young fascists are programmed in such a way that they can attack blindly. Ten members of Fuerza Joven attacked a couple making love in a park in Madrid and broke the man's head with their fists. Their explanation was that they wanted to clean the park of "undesirable elements."

## **Umbrella Organization**

Extreme rightist connections lead from Spain to other countries. Blas Pinar unified the Southern European neofascist and ultrarightist parties in the umbrella organization "Eurodestra," which is incorporated in Madrid. The "Black International" acts as the illegal sister-organization of this umbrella organization. "Cedade" (Spanish Circle of the Friends of Europe), which was founded in 1960 with Franco's permission, is also still operating. This organization has a subdepartment, "SD," which can call up around 200 commandos, who can be deployed anywhere in Europe. Especially in the interests of anti-Semitic terrorism.

The attack in Bologna seems to have shaken the (police) authorities in various European countries awake. They are shocked at the increasing international associations of the ultraright (such as the "greater fascist council" in January of this year in a four-star hotel in Roissy-en-France) and at the acts of terrorism reaching beyond the bounds. Neofascism, which had earlier appeared to be based solely on hate, frustration and nostalgic spluttering, is taking on a doctrine. In France it has gratefully adopted the delusions of the "Nouvelle Droite" (Alain de Benoist and Louis Pawels). In terms of intelligence, the ultraright is no match for the ultraleft, and it is only the more dangerous for that reason.

Economic decline and high unemployment create a social climate in which hate for the Jews and the colored can thrive. They nourish rightist extremism, and that can provoke dangerous countermeasures in a society that is not prepared. Extremist terrorism aims for a chain reaction, and in a stable society there is little chance of that. How stable is our society now?

6940

CSO: 3105

## DAVIGNON PROPOSES EEC STEEL PRODUCTION CUT

Amsterdam ELSEVIERS WEEKBLAD in Dutch 18 Oct 80 p 13

[Report on Commissioner Etienne Davignon's emergency plan for the European steel industry by Jan Schils: "Davignon's Emergency Plan Ignores Social Consequences"]

[Text] The European Commission in Brussels is in trouble with the steel producers. That is not so much because of the steel producers, but because of EC Commissioner Etienne Davignon, the Walloon burgrave, whose recently launched "emergency plan" for the European steel industry was recommended by the Walloon steel lobby.

Davignon wants to impose production limits on the steel producers in the Common Market from above. But the Germans, who are willing to consider voluntary production limits, will not put up with having to be punished because the British, Italians and Belgians have let their steel industry rot away and their steel workers go broke.

On 22 October this year, the European Commission intends to institute the emergency plan none the less, by means of declaring a "crise manifeste," which the European Commission is empowered to do under Article 58 of the EGKS [European Community of Coal and Steel Producers] treaty.

Naturally there is reason for unrest, the European steel market is on the brink of collapse. European steel prices are now between 15 and 20 percent lower than those of Japan. Thus stern measures are urgently called for. But rationalization and production quotas mean layoffs, and that is where the shoe pinches: there is little animus and even less money to deal with the social consequences of the EC Commission's emergency action.

When EC Commissioner Davignon unfolded his first steel plan in 1977, which called for minimum prices for certain products, production moderation and support for cheap imports, it was already clear that the plan in question had been thought up in the offices of the Walloon steel lobby and their political coreligionists.

Davignon was in fact only carrying out what his predecessor Henry Simonet (who was then still an influential socialist politician in Brussels and French-speaking Belgium) had told him time and again. In his "European time," Simonet had never tried to hide the fact that even as a highly placed European office holder he had to act as representative for the moribund steel industry in Walloon country.

Davignon's first plan, based on voluntary action, did not succeed. There was shirking on a grand scale in the voluntary production limits and other measures. This past summer the West German steel lobby was so sick of the chaos and the impotence of the European Commission that the Davignon plan was exploded. Right away the Walloon steel industry, together with a number of prehistoric steel firms in England and France, sank even deeper into the morass. Davignon was remarkably quick then in trying to turn the tide, spurred on to it by the Walloon steel producers. In the meantime, they had lined up on the government's doorstep in Brussels and were ringing the doorbells of the political parties for immediate support in hard [Belgian] francs.

They were equally successful on both begging fronts. Again Brussels provided an injection of billions--two-thirds of which was paid for by the Flemish balance of trade--after Walloon socialist privately threatened a cabinet crisis. And after the summer recess, Davignon also remarkably quickly served the Walloon lobby the European emergency plan of obligatory production quotas and the accompanying sanction system for those violating his regulation.

Glib

Davignon, who understands the art of selling his plans--whatever they may be--glibly to the international press in Brussels, came to tell his international audience that the 450 steel producers saw the need to declare the crisis situation, and that they had agreed to his proposals for reducing steel production by from 13 to 15 percent depending on the type of steel.

The next few days showed that Davignon had been too expansive. In Luxembourg, where the ministers of foreign affairs of the European Community had to give their definitive fiat to the declaration of a "crise manifeste," Pönn denied it. A little counselling here and there has now produced the result that at least a lame start will be made on the steel emergency plan 22 October this year.

A lame start for two reasons: In the first place, the production quotas will have to be determined by the industry, and for the first discussions Davignon is going to have to start doing business with the West German steel giants. Secondly, it is out of the question that immediately at the start of the production cutbacks--and the wave of layoffs that will go along with them--the social consequences will be dealt with. Yet both Davignon and our Dutch European Commissioner, Henk Vredeling, still maintained a few days ago that there should be no production quotas without provision for the social consequences, for an appreciable increase in unemployment is involved. If all the reorganization plans go through, in a period of 6 years (1979-1985) 125,000 jobs will disappear. The decision about the financing of the social provisions was postponed by the EC ministers of foreign affairs till November, but presumably there will be no decision then, either. Perhaps then the tangle will have to be cut through in Maastricht, where the

European Council of heads of government will hold its summit conference in March 1981, right in the shadow of the Walloon steel giant Cockerill bij Luik. There can be no approximation, yet as to the size of the figure for the social provisions. There is talk of at least 2 billion guilders. That the struggle within the Council of Ministers will be very difficult may be seen from the fact that the European Commission has been trying for quite some time now to get a figure in the neighborhood of 250 million guilders over 3 years from the Council of Ministers for social measures, for that matter without success. Also pertinent is an application by the French and British governments for provision for nearly 600,000 laid off steel workers to amount to about 1 billion guilders. The ministers do not have much leeway, but still, 1.2 billion guilders will have to be found shortly.

No wonder that healthy steel firms in West Germany, and really also in the Netherlands and some in France, do not like the second Davignon plan at all. They did rationalize and restructure in good time, and now they have to submit to extra limitations once again. Furthermore, the competitive relationship is sick.

#### Disproportionate

Take for example the wages in Belgium. In 1974, the Belgian steel worker earned 10 percent more than his German colleague. In the year 1979 that was 21 percent more. The cost price of raw steel is nearly 30 guilders per ton higher in Belgium than in the Federal Republic of Germany. On top of that, the Belgian product package is disproportionately weighted towards elementary products, for which there is less and less demand on the foreign market. The poor production program and the lack of investment since 1974 has had the result that the revival of the steel sector in 1979 did not apply to Belgium. Steel production in Belgium remained at 17 percent less than the peak of 1974, while the average in EC countries was 9 percent.

As a result of the lethal competition, such firms as Cockerill, Thy-Marcinelle-Providence and Hainaut-Sambre suffered losses of 22 to 36 guilders per ton of steel produced last year. In the same period, Thyssen in West Germany recorded profits of 14 guilders per ton. To turn the tide, Belgium is now providing 50 percent state support for new investment. That would not be lost money, in that the argument runs that a steel industry in healthy operation jacks up other branches of industry: metals, construction, the auto industry, the coal mines, the banks and the railways. They in turn have their influence on the balance of payments and social security. In other words: The disappearance of the steel industry could ruin the country. As far as Belgium is concerned, the painful fact is that the three banking houses which have been brought in to scrape together the other 50 percent of the needed investments have had to report that no one at home or abroad is willing to lend them the money for that.

#### Saar Valley

The Germans are now crying death and destruction about unfair competition through the EC plans and also through the state involvement in Belgium, France and England. But in fact, they are not entirely right. Several years ago, the Germans carried out a restructuring with the support of the federal treasury to save the steel

industry from certain destruction. The difference between the Germans and countries like France and England is that the Germans were the first to perceive that in steel they were dealing with a structural crisis and not a competitive one.

England was on the right track, even before France, but an investment program that was thought through there was only slowly carried out. Paris did nothing about the crisis until 1977, decided in favor of drastic investment and rationalization--which entailed layoffs of 20,000 in 3 years--and started a comprehensive modernization program in 1978. The first result was that the French steel industry proved to be in better shape to face the upthrust of oil prices in 1979 than it was in the days of the first oil crisis.

#### Solidarity

The Dutch position with respect to the second Davignon plan is clear. The Netherlands feels solidarity with the European Commission and has joined with seven other countries which support reducing production up until June of next year. The Dutch steel industry and the government see the current malaise as being followed by a new outburst of world steel demand. The situation is termed serious but not hopeless.

The American steel industries predict better times after 1985. Then, according to American prognoses, there will be a steel shortage all over the world. At that time, the use of steel is not just expected to increase in the traditional sectors, but also in the so-called "peak technologies." That is also the reason why the Americans are taking no steps to reduce their production capacity. The degree of utilization of the American steel industry is now about 90 percent.

The attempt to maintain the steel industry is fully justified, but it is equally obvious that a drastic reorganization or the closing of completely obsolete and prospectless plants is urgent. In this respect, primary attention must be directed towards the moribund steel plants in England and Wallonia [French-speaking Belgium]. And it is precisely for the benefit of these weak sisters that Burgrave Davignon has gone to work so expansively.

6940

CSO: 3105

## BRIEFS

EEC BLOCKS BUTTER TO USSR--[Godfrey Brown report: "EEC Foils 'Butter Coup'"]--A Soviet plan to buy 185 million pounds worth of cheap butter may have been foiled by the Common Market. The European Commission yesterday suspended advance fixing of subsidies to export butter for the second time in a week. Brussels officials said the action was taken because the number of requests to prefix export subsidies, "including requests for exports to the USSR exceeding the traditional quantity," was considered abnormally high. Since Monday, when applications could be submitted for export subsidies at the rate of 928 pounds tonne--42p lb--it is understood that requests to subsidise exports of more than 200,000 tonnes of butter had flooded into the commission. This could have cost community taxpayers over 185 million pounds in export subsidies. But the commission suspended the pre-fixing of butter export subsidies until next Thursday, to give it time to consider the position. It also rejected all applications made since Monday, including those for Russia. Well-informed sources said it appeared Russia expected to pull off a huge coup. [Text] [LD201205 London THE DAILY TELEGRAPH in English 20 Nov 80 p 1]

CSO: 3120

## PVV'S DE CROO ON DOMESTIC, POLITICAL, ECONOMIC CRISES

Amsterdam ELSEVIERS WEEKBLAD in Dutch 18 Oct 80 p 9

[Text] Last Tuesday the third Martens cabinet was toppled in Belgium. This coalition of Christian democrats, socialists, and liberals could not make it because the liberals wanted more cutbacks in social benefits than the others. The reorganization of pensions was an important bone of contention as the Belgian pension funds are almost exhausted. ELSEVIERS WEEKBLAD talked with Herman De Croo (42), liberal party minister of the Department of Pensions, Postal, Telegraph, and Telephone Services in the recently toppled cabinet, about the cabinet crisis in Belgium, the economic crisis, and the crisis in democracy.

We are coming right to the point. Mr De Croo, your party toppled the government. Did that happen because the liberals do not want to be responsible for the unpopular measures which are to be expected? Well, that is then not at all the case.

De Croo says: "We do want unpopular steps. A 2-percent cutback in the pensions of civil servants is for us the cornerstone of the government's policies. Because of electoral opportunism the socialists under Van Miert later removed that cornerstone again. Never have there been so many important persons in a cabinet who performed so little. This last crisis cabinet has been nothing of the sort."

We are asking ourselves if the liberals were only invited to be part of the last government to complete its reorganization. After that was achieved, except for Brussels, the liberals could go.

DeCroo: "For the liberals it was a matter of now or never to solve the economic crisis. We said let us bury the language dispute and the regional questions and economize on a grand scale. Work toward zero growth of expenses and cut the public debt by 1 percent.

### Bankrupt

Does not Willy Claes, the socialist minister of foreign affairs, want that too? This year, in a conversation with ELSEVIERS WEEKBLAD, he said: "Because of the very strong growth of the system of social benefits the crisis has now hit the

the public budget. The people are not yet feeling it that badly but the impossibility of financing the economic policies will lead to bankruptcy of the social benefit system, schools, etc." Do not you seem to be in agreement with each other?

The lame duck minister gives Davidoff-brand cigars of 130 Belgian francs a piece and says that the government's supply of cigars, cigarettes, and tobacco has to be used up because he is soon leaving the building on the Wet Street in Brussels. We have already been given two glasses of Jupiler; the minister drinks water.

Free

"The crisis is covered by a lot of blankets. Who can afford the price of these blankets? There is no social security without a healthy economy. Milk does not come from the pot, the pitcher or the milk farm, it comes out of the udder of the cow. This udder is dry. We are now a poor country full of rich people. We have free education, free transportation of schoolchildren, you name it. We have been the country of free everything. Everybody in power participated in the demagogic approach and kept promising more; if the treasury is empty...this nation will consume itself. Just like some prehistoric animals which began eating their tails and continued till they got to their throats. Then they died. Before something is done about it this country will apparently have to suffer a bad crisis, a heart attack. Just like people. They also do not listen to the doctor's advice to smoke and drink less and sleep more. Till they have a heart attack. Then they listen. Steps will only be taken when this nation is hit by a heart attack-- a general strike, acts of terrorism, interrupted pension payments."

We mention here that Mr De Croo has declared himself and all other politicians powerless to do something about. Are people not capable of looking after their own destiny?

"Democracy is like an old horse on the manure heap of our acquisitions. You in The Netherlands still have a Second Chamber, we do not any more. The Parliament is absolutely powerless. Everything is prearranged in secret discussions with the social partners. Here in Belgium we spare the people the sight of our own impotence. All our so-called members of parliament have second jobs, only a few want to take an occasional critical look at the activities of our leaders. Parliament is automated, it means that arrangements are made in advance with party chairmen and then pushed through in various phases."

It is now high time to ask Herman De Croo if there is still democracy in Belgium.

"Belgium is a peculiar nation. It is a republic of municipalities which have chosen a king. The people have always been oppressed by foreigners, by the Spanish, the French, the Dutch, the Germans and now by the Belgian State. By bureaucracy and centralized government. But there is democracy. Citizens can make their influence felt through labor unions, through health care funds connected with political parties, professional organizations, municipalities, political parties, and sometimes still through Parliament. They can press almost too many buttons. Individual citizens exercise great influence on small things."

Yes, but who exercises the small power over big things?

## Fickle

"A better question would probably be: who wields the big power over big things. That power is no longer national. As a nation we are only a small power and as such we are only entitled to some fickle-mindedness. Our position is desperate. This country borrows to be able to live, it borrows inside and outside its borders. Before September of last year we did not yet borrow abroad. Last week we were losing half a billion francs per day on our balance of payment. We have the worst unemployment situation in Europe, especially among women. We also have the oldest population in Europe and we have no raw materials at all. Gasification of coal is much too expensive, that would now amount to a joke. To get the Kempen out of the ground costs 12 billion (840 million guilders) francs per year in the form of social supports. In the Kempen 25,000 mine workers are employed, half of them are Turks. Production per worker is one-third of that in the Ruhr basin. The steel industry was bought up by a leftist government, the losses are nationalized. But who continues to pay compensations? Our national debt increased in 1 year to 120 billion francs (8.4 billion guilders). This is still low as compared to our gross national product. The fear that our borrowing capacity will collapse is legitimate. The World Bank will be all over us in 3 years."

"The only thing we have is a good gold reserve which is still valued at 1/40 percent of the market value of gold. If we would revalue it to that market value it would yield 300 to 400 billion francs (21 to 28 billion guilders). However, that can only be done once. If the market value of gold would go down again, very little could be achieved."

Is not it difficult to be a man, on the one hand convinced of the impotence of politics and, on the other hand ready to attack the economic problems in a "now or never" spirit?

"Yes. It is sometimes very frustrating. But I work for the people who need it. If I were doing it for myself, I had better give up. Look, suppose we are all skating on a frozen pond and everybody is going around or cutting beautiful figures. Now the ice is beginning to melt under us. The rich have a layer of fat or a life buoy to save them. However a poor soul will get soaked. The rich hear the ice crack and send their money abroad. Here in Belgium we have a fiscal advance levy of 20 percent, that is crazy. The money disappears to The Netherlands and Luxemburg. Via a small bank in Hulst millions are daily going to The Netherlands because it has no advance levy. However, the genuinely poor must be helped. We must give the good horses a chance to pull the cart of the weaker horses. Let them do it!

## Work

We ask Herman De Croo what steps he would take if he had a free hand in Belgium. He quickly lists: "Put private industry in motion with the help of real, not artificial, employment. Trim the government apparatus down. Give tasks now done by the government to private enterprise. Introduce a small private risk factor in health insurance, health is the most precious thing a person can have, and we pay the least for it. As I said before, help the poor; relatively speaking, employees

protected by all kinds of social mechanisms have become too strong. We need a more aggressive export policy. Optimal chances for scientific research. A government with adequate clout to stay in power for at least four years; this country had five governments in the past four years. We must learn to work again."

De Croo emphasizes that the total shortage in the government's contribution to social benefits amounts now to 202 billion francs (more than 14 billion guilders). A shortage therefor in funds for unemployment payments, health care, disability and pension payments. The reserves for pensions are almost exhausted.

"Everything the actively employed population deposits in the funds is immediately used up by pensioned people. If the economic situation becomes even worse, and the working population earns even less, while more industries fold up, pensions would immediately be affected. Older people depend directly upon the work level of active workers. I am therefore in favor of a minimum pension--the rest should be taken care of by the individual--and for raising the age limit at which people can receive pensions. To let people work longer is a positive step from a viewpoint of psychology, and it is apparently also good for their health."

Hodgepodge.

Wilfried Martens is working on the formation of his fourth cabinet, now with Christian democrats and socialists. People are asking if Belgium actually has a real Prime Minister. De Croo says: "There is somebody with that title. He is a hodgepodge of contradictions. He reflects all the nation's exponents but he does not rule. Some people seem to think that going in circles is also progress. The government consists of a small club of sane persons with limited possibilities."

After we made the remark that there are quite a few Dutchmen who doubt the sanity of their government, we ask the last question: Is not Belgium in the meantime due for a new generation of politicians? People have perhaps seen enough of Tindemans, Martens, and also De Croo.

The latter says: "A complete new generation? No, I do not think so. It may be necessary that the fruits of politics be nursed with more care. I am an orchard nursery man myself, and I know that a lot can be achieved with proper pruning, the application of necessary fertilizers, and thinning out. And even then, you are lucky if it does not hail."

10319

CSO: 3105

## CARTER SPEECH ON CYPRUS ATTACKED

## Democratic People's Party Reaction

Nicosia BOZKURT in Turkish 25 Oct 80 pp 1,4

[Text] Nicosia -- A press release distributed by the DPP [Democratic People's Party] Central Executive Board referred to President Carter's "Now it is Cyprus' turn" speech and asserted that the way to peace and reconciliation on Cyprus was through the intercommunal talks and keeping the talks free of foreign pressure and intervention. DPP Central Executive Board member in charge of the press and public relations Ahmet Gazioglu's signature appeared on the press release, which contained the following views:

"As efforts are going forward in Nicosia to find a just and lasting solution to the Cyprus problem through the intercommunal talks and as certain positive developments are being registered in this direction, attempts are being seen by foreign powers to use our nation for their own interests within their strategies to solidify their influence in the Middle East. For this reason, they are trying to direct from afar a reconciliation which the two communities would reach through negotiation and agreement and which they, as the two principle peoples on Cyprus, would adopt and protect and are trying to use pressure on the sides to give it configurations that would be harmful to their own interests.

"We understand that the United States and other NATO nations, having close relations with and being bound by alliance agreements to Turkey and Greece which are the mother countries of the two major communities on Cyprus, have mounted intensive efforts to resolve the problems between these two nations to strengthen the south-east flank of NATO. However, it is our view that it would be another diplomatic crime committed against Cyprus if, within the framework of these efforts, they impose a solution from outside on the two communities of Cyprus and place into effect an artificial reconciliation with which the people cannot identify and which is contrary to the present realities of our nation.

"We regret that President Carter, even if it is on the eve of the presidential elections, would say, "Now it is Cyprus' turn" and establish a parallel between Greece's return to NATO and finding a just and lasting solution to the Cyprus problem. To try to establish a political and military link between NATO and the Cyprus problem and to imply that a peaceful solution would be reached in our nation through pressure tactics by the NATO alliance and use it as an element of pressure is a total mistake to be met, deservedly, by a harsh reaction from both communities.

"We favor peace, and reconciliation.

"We respect and warmly support any efforts toward achieving a just and lasting solution as soon as possible on Cyprus, a reconciliation to bring equality, peace, full security and independence to both communities. However, we have always opposed and will continue to oppose efforts by all foreign powers, military alliances and imperialist designs, whether Eastern or Western, to use as a tool in their own interests the desires for reconciliation of the large majority in ours and both communities who want peace."

#### Denktas Criticism Reported

Nicosia HALKIN SESI in Turkish 24 Oct 80 p 1

[Text] Ankara -- TFSC [Turkish Federated State of Cyprus] President Rauf Denktas, arriving in Ankara for an official visit, said, "The Cyprus question has reached the development stage. The world knows the sensitivity which the Turkish government and our government have shown in order to reach by peaceful means a positive, lasting solution to protect the rights of both communities."

Answering reporters' questions at Esenboga Airport, TFSC President Denktas noted that the talks were just at the beginning stage and said:

"The other side does not want to sit too long in these talks. We, as the Turkish community, had to be flexible in order that the talks might begin. The talks began for this reason.

"In the first round of the talks, the job was partly laid out; in the second round, certain views were gone into in more depth. Perhaps in the third round, the sides will see and understand how each other thinks and what each other wants. It is necessary to carry on the talks with patience and good will. The Turkish community has shown this patience and good will. And will continue to do so."

Denktas said the following in answer to a question about Carter's speech:

"It is impossible for Mr Carter to solve the Cyprus problem from the outside. We do not grant such a possibility. The two communities will resolve the Cyprus problem within the framework of their rights and statutes.

"If this is to be successful, outside speeches of this sort should not be given and pressures of this sort should not be applied. The Greek Cypriots may not be trying to resolve the problem, and this sort of speeches and this sort of pressures may encourage them. They may prolong the problem further. Mr Kyprianou is especially susceptible to this."

8349

CSO: 4907

## FINANCE MINISTER: 'CURRENCY SECURE'

Nicosia CYPRUS MAIL in English 18 Nov 80 p 1

(Text)

**THE MINISTER OF FINANCE MR. A. AFSENTIOU HAS DISMISSED ANY IDEA OF DEVALUATION OF THE CYPRUS POUND.**

The Cypriot economy is experiencing certain problems, but there is no economic crisis and there can be no justification for any concern about the currency, because exchange reserves are quite adequate, he said.

Mr Afsehtiou was speaking at a press conference at which he gave an outline of the budgets, now before the House, and the philosophy that permeates them.

«The size and scope of the budgets, fall generally within the framework of the economic policy which is outlined in the Third Emergency Plan (1979/81) and which reflects, as much as possible, the drive for stabilisation of the economy in the light of the short-term problems that we are facing today», Mr Afsehtiou said.

The Minister summed up the problems in these terms: «Our economy today», he said, «is characterised by inflationary pressures and destabilising tendencies due to both internal and external factors.

**Recession**

«Incomes are increasing at a rate beyond the capacity of the economy with adverse repercussions on prices as well as on consumption and the balance of payments. Savings remain low, productive investments have shown a decline, the rate of productivity growth

is decreasing, the current account balance shows a widening deficit and dependence on foreign financing of the development effort is increasing.

«The international economic climate continues to be uncertain, while there are clear indications of economic recession nearly all over the world, with increasing unemployment and rising prices, which is mainly due to the international energy crisis for which there appear to be no favourable prospects in the near future.

But, Mr Afsehtiou added, despite adverse economic conditions and destabilising tendencies, the economy of Cyprus has shown a comparative,ly high rate of development in 1980 and a positive, though reduced, rate of growth is expected in the coming year.

**Budgets**

The fiscal policy which is expressed largely by the budgets submitted to the House for approval, the Minister said, is characterised by a spirit of austerity and an effort to contain destabilising tendencies but, at the same time, the need for gradual restructuring and securing an acceptable rate of economic development in the medium term is kept in mind he said.

An effort has been made to restrict expenditure on non-essential services and non-pro-

ductive sectors while, the national expansion of social services and improvement in the various social programmes and schemes have been promoted.

The Minister added that in 1980 various measures were introduced aiming on the one hand to reduce or limit expenditure, where possible, and, on the other, to increase public revenue, ultimately aiming to reduce to the minimum the expansionary impact of the public sector on the economy and avert further aggravation of inflationary pressures.

Mr Afentou said a substantial increase in public saving is planned, which is expected to double in 1981 (compared with 1980) and to cover more than 100 per cent of investment expenditure by the public sector as a whole.

The Minister said that the deficits of the public sector are covered and should be financed mainly by external borrowing and international financial aid as well as by the issue of development, stock and treasury bills.

Mr Afentou said there has been no change in the government's philosophy about the economic system adopted in the country. It is a free economy with the State intervening only where this is deemed necessary, he said.

## LIVING COST INDEX RISES

Nicosia CYPRUS MAIL in English 19 Nov 80 p 1

[Text] The cost of living index has moved up another 1.14 points during October to a new high of 143.51 points, according to an official statement from the Statistics and Research Department of the Ministry of Finance.

The increase is officially attributed to higher prices for clothing and footwear, sugar and confectionery products, medical care and repairs and maintenance of houses.

The movement of the cost of living index determines the cost of living allowance at the end of each half-yearly period.

The salaries and wages of public servants and government employees as well as of most private employees and working people are tied to the index for automatic adjustment of the cost of living allowance, which for public servants now stands at 33% after the last upward adjustment of 9% in June.

The cost of living index moved by 8.52 points in the first six months of the year, from 128.59 in December 1979 to 137.11 points in June.

With two months yet to go until the end of the year the index has moved another 6.40 points up to its present level of 143.51 points.

The Pao trade unions recently estimated that the adjustment at the end of the year will be 6 per cent and probably 9 per cent, depending on how fast the last two months proceed.

Finance Minister Mr A. Afrentiou said at his press conference this week that inflation runs at present at 13 per cent.

Asked if the government intended to "delink" the cost of living computation from the petrol prices Mr Afrentiou said that the matter is being given attention by the government, but no decision will be taken without prior consultations with the trade unions.

CSO: 4920

## COMMENTATOR VIEWS WESTERN POLICY VIS-A-VIS USSR

DW280925 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 28 Nov 80 p 1

[Editorial by Robert Held: "Unpleasant Insight"]

[Text] The West will pull itself together now to make certain principles of action vis-a-vis the Soviet imperium clearer and more distinct. As far as one can see, the clarified concept will bring the terms "containment" and "detente"--corrected and maybe differently named--in a reasonable connection. Detente had once replaced containment. The containment idea was finally dropped by its inventors. Containment stemmed from a time when the United States could threaten everywhere in the world to switch from conventional to nuclear tactical arms when the situation became critical. But in the Vietnam war something like that would appear to be madness. The costs of containment proved to be so disastrous in this war that the American nation completely forgot that containment made sense at a whole and that it still could make sense.

Today there exists less than ever a possibility to stop the conventional Soviet advance on exotic theaters with nuclear means. Containment can take place only with conventional counterpressure, aside from political means. The Soviet imperium, however, profits very much from nuclear means with the help of which it exerts a latent threat in the war of nerves against abutters and neighbors. One forgets too often that the existing nuclear power has different effects between the East and the West.

For that reason alone the old meaning of the word detente becomes dubious. Kissinger's idea to negotiate a balance on the basis of bookkeeping principles, as implemented in 13 years of SALT negotiations, has just caused a delay, gaining relatively peaceful years. The problem itself was not solved for the West. The way of thinking turned out to be too mechanistic, because if two parties do the same in this field, the result is not the same for every one of them. The playing of the Soviets with the fears, decision weaknesses and willing hopes of democratic countries, gives them enormous advantages free of charge, particularly since the Soviets give the people of the free world a feeling of fatalistic inferiority. Fundamental fears gain ground that way and bring influence to bear on the governments through the political basis. The perfidy does not lie in the confusing figures of the SALT balances. But just here, in the undeclared and widely unknown and not admitted parallel war of nerves.

Such a realization makes it plain how difficult it will be to set course again toward the two destinations of containment and detente. Containment requires an adequate potential of conventional power and the corresponding transport facilities even for remote war theaters, and especially there. Thus, what is needed on the part of the West now is a huge effort to spoil the Soviet appetite for a continuation of the thrust southward in direction of the Persian Gulf. The Americans are getting to feel that the Europeans view this task with even greater displeasure than the Americans, even though the Europeans are so much closer to this important zone geographically as well as objectively.

An evasive counterproposal looks like this: Gibing the Soviets so many means and funds for the opening of their own energy sources that they will lose appetite for the oil on the Gulf. This humane idea is not accepted by the advocates of realpolitik in the West. Yet, the U.S. approval of the German-Soviet natural-gas deal means that they do not dismiss the idea altogether but indeed are seeking ways and means for eliminating at least one of the Soviet motives.

At the same time the Americans are pursuing after all what Kissinger had demanded years ago: The setup of a mobile force whose existence is to appear to the Soviets as a sign of containment on the Gulf; all this as much as possible with European help. Thus the linkage between containment and detente already is plainly taking shape in the struggle over the oilfields of the Middle East. The Federal Republic cannot dodge this problem: its attitude will bring to light to what extent the war of nerves exerts influence on its decision-making. Unfortunately, the course of world events does not care that a German government is bound to be horrified at the compulsions which this course elicits. It will be hard for the Germans to follow a clarified concept of detente and containment. This will require more hardness than before. The postwar period is over now for good which entailed for the Germans not only the placement under tutelage but, along with this tutelage, also protection and the liberation of all sorts of unpleasant responsibilities. As a principle of existence the Republicans on the side of Reagan have quite a few terms beginning with the word "self, such as self-reliance and self-responsibility. And by that they have meant for quite some time, pertaining to German foreign policy: the Germans should see for themselves how they manage to get by (under the proviso of American approval).

What this means with reference to the Persian Gulf we will yet learn. The new concept will be better for world peace but for the Germans it will be neither easier nor more convenient.

CSO: 3103

## YOUNG LIBERALS FORM ORGANIZATION, ISSUE STATUTES

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 3 Nov 80 p 4

[Article by ban: "Will the 'Young Liberals' Find a Gap? The 'Working Group' Moves To Become the FDP Youth Organization"]

[Text] Bonn, 2 Nov--With the long-term aim of becoming the only youth organization recognized by the FDP the existing "Land Discussion Circles" and the Land organizations of the "Young Liberals" joined on the weekend into a "Working Group of Young Liberals." The merger, called by spokesmen of the new organization "an official offer to the FDP," is designed "to fill a void in the field of youth work" that is said to have been left behind by the Young Democrats. It was repeatedly stressed that the "Young Liberals" did not want to become an "Anti-Judo" front, an argument that was designed more as an internal measure against liberal-conservative tendencies. In any case, it became apparent that a rejection of the aims of the Young Democrats was the basis for the "Young Liberals." Violent disagreements, accompanied by police intervention, had ensued at the beginning of the congress, when a group of young Berliners, led by Niko Huebner and Christian Muentner, had applied for delegate status, to be denied for formal reasons--they had not presented their membership lists.

The "Young Liberals" are more closely tied to the FDP than the "Young Democrats." A precondition for membership, as fixed in the constitution that was discussed and passed even before the program, is party membership in the FDP. The age limit is set at 35 years, like the "Young Union" and the "Young Socialists." The approximately 100 delegates, claiming to represent 700 members, elected the Frankfurt lawyer Hans-Joachim Otto chairman of the new working group. Juergen Hacker from Hanover, who had played a leading role in the preparations for the merger, but who had declined the chair for health reasons, was elected one of the deputy presidents. The chairman of the Saarland Land organization with its greatest number of members, Kramer, is also a member of the presidium. The representatives of the "Young Liberals" from the Saarland had foregone status as voting delegates because Huebner's group was not admitted to the congress. The election of Kraemer was thus viewed as an attempt to prevent a split in the new organization. Even so, members of that faction, that also has supporters in Baden-Wuerttemberg, have announced the opening of an "Information Bureau of Young Liberals." Their aim is to set different accents in the question with which parties the FDP is to conclude coalition agreements, rather than those desired by the majority that supports the Bonn model. The minority also emphasized German policy. For that it was criticized for "National Liberalism."

The "Young Liberals," who are planning to evolve from a "working group" into a "federal association" in the course of the next year, adopted the planks of a platform that proclaimed that the organization was based "on the basic values of human dignity, individual freedom, equality of opportunity and justice, solidarity, and tolerance." The organization claimed to represent the interests of the youth within the FDP. The former chairman of the "Social-Liberal Academic Association" (SLH), Knueppel, stated that they were against "national liberal swamp flowers" and "Marxist midnight blossoms." The organization would cover the spectrum of the FDP from "Baum to Lambsdorff."

A member of the FDP federal presidium, Borm, stated that the congress was a testimonial to the "political maturity" of the "Young Liberals," that it had separated itself from the "clearly conservative" factions. He called on the "Young Democrats" to refrain from their "verbal radicalism," since otherwise the future would not be theirs. A spokesman of the "Young Democrats" stated that the "Young Liberals" were designed to be a free force in preparations for a change in coalitions.

9240

CSO: 3103

CHIEF BANKER VIEWS ECONOMIC PROSPECTS

DW281128 Mainz ZDF Television Network in German 1800 GMT 27 Nov 80

[Interview with Karl Otto Poehl, president of the German Federal Bank by Friedhelm Ost, in Frankfurt--live or recorded]

[Text] [Question] What does the monetary-policy goal mean which the bank of issue adopted today?

[Answer] By this decision we set up a framework for the expansion of the money quantity next year, a framework which, on the one hand, is intended to insure that prices will remain stable but which, on the other hand, will create from the financing side of the matter the leeway which is necessary and possible for financing the potential growth which must, of course, come from other sources.

[Question] What is the concrete economic development that you anticipate for next year?

[Answer] The indications of an economic weakening grow in number. The inclination toward weakness perhaps is stronger than some people, including we ourselves, had anticipated. As for the prices we reckon, in fixing our money quantity target in which we also have to make some assumptions as to the price development, with a so-called inevitable price increase of between 3.5 and 4 percent. But I must add that this is an ambitious goal indeed.

CSO: 3103

## ARMS INDUSTRY COULD BENEFIT FROM AMMAN SUMMIT

LD011313 Paris LE MONDE in French 28 Nov 80 p 6

[Dispatch by Lucien George: "Amman Arab Summit--Desire for Arms Standardization Could Benefit French Industry"]

[Text] Amman--On Wednesday, 26 November, the Arab summit reached a clear economic turning point with the drafting of inter-Arab development projects by experts. The delegation heads had many consultations to define the best possible means of exploiting the financial tool being set up and, more generally, the best response to Syria which, by drawing the steadfastness front and Lebanon into a boycott of the summit, has clearly won the first phase in the trial of strength which it has started with the Baghdad-Riyadh-Amman axis.

Moroccan Prime Minister Maati Bouabid told us for his part: "None of the arguments put forward by Syria stand up to examination. If there are disagreements then that in itself is one more reason for holding a summit conference to smooth them out. There is nothing worse than seeking leadership in the Palestinian cause. In addition, the decisions being adopted by the summit had already been approved by the foreign ministers, and on that occasion all countries, including Syria, were present. Nobody will, therefore, have any excuse for refusing to implement them."

The summit, which was due to finish its work this Thursday, will adopt two large-scale economic plans:

1. A charter for regional economic activity, drawn from the definition of a strategy based on 32 studies, of which the principal ones related to setting up an inter-Arab economic sector, the repatriation of Arab funds deposited abroad (estimated at \$160 billion in 1979 and \$470 billion according to forecasts for 1985). The development of human resources, effective transfers of technology, the exploitation of Arab economic resources in face of the United States, Europe, Japan and the multinationals, the effects of the Egyptian-Israeli peace treaty at the economic level and the advantages and disadvantages of the "open bridges" over the Jordan between Jordan and the West Bank. An investment guarantee convention and the formation of a pan-Arab tribunal with power to settle economic disputes between Arab states are also planned.

2. A decade of Arab development opening in 1980. A \$5 billion fund will be set aside for this purpose, the money being supplied by the oil-producing countries (Saudi Arabia, Kuwait, Iraq, United Arab Emirates and Qatar have given firm pledges on this subject) at a rate of \$500 million per year. These figures seemed disappointing in view of the fact that Iraq, which originally proposed this decade, advocated a capital of \$15 billion at a rate of \$1.5 billion per year.

The question is whether the absent countries will enjoy the economic advantages provided by these various plans. The incentive to make them "eat humble pie" could consist of making the benefits dependent on the signing of some or other convention. The ball would thus be sent back into the recalcitrant countries' court.

That being so, there is also a great deal of talk behind the scenes at the summit about a collective security pact among the Gulf countries.

Finally, the summit will recommend the standardization of Arab armaments, which could make France the main arms supplier to the Arab countries present in Amman. Neither the United States nor the USSR could, in fact, be acceptable suppliers for all these countries, and France would be in the best position to play that role if the recommendation in question were in fact implemented.

CSO: 3100

## U.S. REFUSES TO ADOPT 7:10 RATIO ON MILITARY AID

AF281425 Athens TO VIMA in Greek 28 Nov 80 p 1

[Article by correspondent St Evstathiadis]

[Text] New York, 27 Nov--The United States refuses to make any official commitment to the 7:10 principle concerning the size of U.S. military aid to Greece and Turkey. More generally, the United States does not intend to accept the existence of any "mathematical correlation" regarding the size of the aid to the two countries in the bilateral Greek-U.S. military agreement which Washington and Athens are currently negotiating. This report was given by a responsible U.S. source in Washington which also added that a similar stance will be maintained by other NATO member countries which give military aid to Greece and Turkey. The source clarified that these countries have already "notified" to which, after all, they have never adhered.

Yesterday it was learned in Athens that, before the end of next week at the latest, the Greek Government will have submitted a counterplan regarding U.S. bases in Greece. The counterplan will include a special appendix on the issue of the Greek military industry. The Greek side insists specifically on this issue and intends to demand similar treatment to that envisaged in the corresponding U.S.-Turkish agreement which was signed in March.

It should be noted that in the plan U.S. Ambassador McCloskey (who returned the day before yesterday from Washington) had submitted to Foreign Minister K. Mitsotakis there was no mention of the military industry sector because a separate aide memoire had been drafted on that issue. It is now expected that the aide memoire will be essentially integrated into the Greek plan.

The Greek side wants to introduce U.S. technology and capital in order to develop the Greek military industry with the independent production of Greek materiel as its ultimate goal.

The agreement will be valid for 5 years and, in addition to individually addressing the status of each base--as is well known, four bases will be retained in the end--the legal status of the U.S. Armed Forces which will serve on these bases will be defined.

immediately after the submission of the Greek plan, substantive negotiations will begin which are expected to end in late January when the relevant agreement will be brought to the Chamber for ratification. In such cases an increased majority of 180 deputies is required.

If U.S. intentions are implemented, this will mean an undisguised reneging from the clear promise that the White House gave over the last 2 years both to the Congress and to Athens that, regardless of the size of the loans and other payments given to Turkey for military purposes, the 7:10 ratio in U.S. aid to Greece and Turkey would not be changed.

The Greek Government and, to a certain extent, Congress are insisting that any change in the 7:10 ratio will upset the balance of forces between Greece and Turkey at Greece's expense.

Washington does not deny this reneging but justifies it by citing the new dangers and pressures which Turkey has especially been enduring recently and puts forth the strange principle that it is not possible to discuss "a balance between two NATO partners. Such a balance would be understandable only between NATO and the Warsaw Pact countries."

Pertinent viewpoints were expressed last Tuesday by a senior U.S. official who added that "even the NATO partners share the view that there can be a balance only between NATO and the Warsaw Pact, not between allied countries."

CSO: 4908

## BRIEFS

**NEW COOPERATION AGREEMENT--**A new agreement for economic, technological, and cultural cooperation between Greece and Poland was signed Tuesday in the Ministry of Coordination following two days of negotiations, it was announced yesterday. The agreement covers a five-year period and aims at further development of Greek-Polish relations. Special emphasis is given to industrial, technological, agricultural and transportation. It was signed by Polish Director of Foreign Trade Mr. Andrei Votjik, and Greek Coordination Ministry official Mr. Yatrakos. The final draft of the agreement signed Tuesday will be ratified in Athens by the two countries' Foreign Ministers in early December. Greek-Polish talks also covered abolishing the present "clearing" system of exchanges between the two countries, whose effectiveness ends Jan. 1, 1981, with Greece's full accession to the EEC. The new agreement provides for all transactions to be carried out in free currency. [Text] [Athens ATHENS NEWS in English 20 Nov 80 p 12]

**TRADE RELATIONS WITH ALBANIA--**Visiting Albanian Minister of Foreign Trade Nedin Hoxha met yesterday with Commerce Minister Kalantzakos, Mr. Hoxha was accompanied by Albanian Ambassador Mr. Dino and members of the visiting Albanian delegation. The two sides reviewed development of economic and trade relations between the two countries. They noted with satisfaction the considerable increase in bilateral trade and ascertained there are possibilities for further development and diversification of trade. The meeting also discussed abolition of the present "clearing" system of exchanges by Jan. 1, 1981, dictated by Greece's entry in the EEC. By that time the accounts will be settled and all transactions will be conducted in free currency. Trade between Greece and Albania is expected to amount to about \$60 million for each side for 1980. The increase is due to increased quantities of the usual products and trading of new products. The two ministers also signed a protocol providing for representatives of Greece and Albania to meet at least once a year to review progress in economic relations and discuss ways for further developing these relations. [Text] [Athens ATHENS NEWS in English 20 Nov 80 p 3]

CSO: 4920

## PSI 'UNITED LEFT' DOCUMENT ON REORGANIZATION

Rome AVANTI in Italian 29 Oct 80 p 11

[Text] The decision by the PSI [Italian Socialist Party] to support a government of center left open to the liberals, the internal division which occurred in the last Central Committee, which marked the irreparable end of the great majority formed at the Congress of Turin, the defection of many members of the same Central Committee from the trends of the left to the majority led by the Secretariat, have caused a dangerous weakening of the leftist positions and this will have a negative influence on the entire Italian political situation and make the internal life of the socialist party more uncertain and difficult.

Just as in all the parties of the West, both socialist and social democrat, the existence of a strong left within, which at times would lead the party, at times oppose rightist majorities, is a physiological necessity. It is vital to Italian socialism, which in so much of its history is intermingled with the history of the leftist trends from the beginning to our times and whose specific characteristics have always distinguished it and made it unique with respect to foreign parties. It is therefore urgent to take steps toward a "reorganization of the left," to strengthen its positions and to arm it so it can sustain a lengthy confrontation, without the facile illusion of being able to change quickly the current relationships, but creating alternatives to the majority which today runs the party and acting in a coherent way to correct its mistakes, to limit their harmful consequences to the party and the entire worker movement, without ever giving up the task of seeking a unified synthesis of the party. If outside of Italy the existence of a left ready for combat is a necessity, in Italy this is even more urgent, given the existence of a strong communist party and of various minor groups of the left, which operate on the same social level as the socialist party, or should operate. In a word, it is the duty of a socialist left to establish a different balance of the political axis of the party, which today is inclined toward the right or toward illusions of a third force.

For a strengthening of the left, the first and fundamental requirement consists of drawing up a clear strategic and political platform, which would utilize the various cultural and political contributions which exist within Italian socialism, reducing them to a productive synthesis and overcoming particularism and factions, which today are a subsequent factor of weakness of the socialist left in its entirety. For this purpose, it would be very useful to open a debate within the party, which would allow the achievement of a broad participation at the base and would begin by causing to penetrate, like a renewing wind within the soul of the party, the need

to build a strong socialist left, without centralist and summitist practices, typical of the life of the socialist party at the present time. Only with the full exercise of democracy and with the scrupulous observance of its substantial laws, besides its formal ones, one can begin a constructive confrontation of ideas, which would raise the level of the encounter from the sometimes degrading one of clashes and power plays between a few individuals at the top, among other things on basic themes. We will point out a few of them.

#### What Theory

1) To reestablish the theoretical foundation of the socialist party, which, consistent with its tradition, can only be Marxism, understood, naturally, not in a dogmatic and exclusive sense, but as the inspiration for a project of elaboration, suited to the historic characteristics of our time, so different from those of the last century. Pluralism is essential in a democratic society and it is guaranteed in a political theory of socialism, rejecting any suggestion which is authoritarian and totalitarian. But the theoretical foundation of the party cannot be eclectic, although one must allow the members of the party freedom of religious or philosophical belief. To have accepted it instead of eclecticism and then watched without an appropriate reaction the work of real devastation, carried out these last few years, of the ideological and cultural patrimony of Italian socialism, has been one of the main causes, if not the only one, of the weakening of the left and it has at any rate limited in a unilateral sense the great creative possibilities which exist in the socialist culture.

#### On the Political System

2) The Italian political system, as it has been constituted since the liberation, seems to be stalled, incapable because of its very composition and the orientations of the parties, which are immobile and static, of assuring the normal functioning of democracy and not even of achieving those extraordinary alliances which emergency situations require. Also the recent cases demonstrate that it does not permit the formation of governments of democratic solidarity, which would engage all the forces of the left in the arduous task of defeating the grave Italian crisis, given the persistent refusal, to which the PSI has yielded too passively, to associate the communist party with this project. Even more serious would be if this were to happen, while everyone recognizes the need to obtain from the communists their collaboration, even maintaining them and in reality forcing them into the opposition, which, good intentions notwithstanding, can only be hard given the country's problems.

All the more reason why this political system does not make possible the construction of alternatives of the left to the Christian democratic power, whence the decline of the ideal pressure, with its consequent alienation of an increasing number of citizens and especially of young people from the democratic institutions and with the rise of phenomena of extremism on one hand and of resignation and passivity on the other, as it happened lately at Fiat.

In such a system, the moment of greatest weakness is constituted by the existing division on the left, made worse by the deterioration of the relations between the PSI and the PCI [Italian Communist Party], which winds up making useless the great total force of the left, which is not inferior to that of the greatest foreign parties, where the worker movement expresses itself in one party and with not imaginary

possibilities of expansion until winning the absolute majority. It is of no use to overcome such a state of affairs, not even some uncertainty in direction on the part of the PCI and the tendency to emphasize the concern over the changes in relations between the Christian democratic trends, rather than make in terms of political initiative a clarification in a united sense with the PSI.

Also, the relations with the Catholics and their political world are being rethought in the light of a by now lengthy experience, avoiding the risk of seeking differentiation only on the level of secularization and leaving in the shadows the subject of the social connections and of the social inspiration of the Catholics which are different from those of the socialists.

#### The Relations Between PSI and PCI

3) The most important task of the socialist left seems therefore to fight inside and outside for the improvement of the relations with the PCI and the progressive overcoming of the divisions. In opposing the rightist theses, which find a hearing even within the PSI, on constitutional reforms, we must emphasize the political side of the problem and seek in policies, not institutional strategy, the response to the need for a democratic reorganization of the Italian system.

To do this, the socialist left must take on initiatives which are adequate to open a broad debate and confrontation with all the groups and parties of the workers movement on the current themes of socialism which is clearly different both from the bureaucratic and authoritarian collectivism of communism and from the integration into the capitalist system of social democratic Europe, where nevertheless critical positions and trends of the greatest interest are being outlined. We must, however, to the negative indication of the third way make a positive elaboration follow, so as to build a clear socialist theory in which, in a way which is concrete and suited to the characteristics of the society of our time and to the material conditions for development, the fundamental characteristics of the society to be built are defined. The inspiration must be that of a revolutionary process with the help of gradual democratic reforms, which would make possible the overcoming and the transformation of the system with the consent and the greatest guarantees of all the democratic freedoms. Of greatest importance are the current problems of the economy, with respect to which the traditional economic schools, including the Keynesian one, appear continually more disarmed, while the socialist ones have not resolved the problem of the ways to overcome the current economic crisis and at the same time to transform the productive system.

#### To Defend the Interests of the Workers

4) The debate cannot exhaust itself in a confrontation over theory or one over strategic lines. It is being developed on the current political themes and in the search for a common line. Today, this appears very remote and on the contrary, we are witnessing a hardening of the dispute, without any possibility of establishing who is right and who is wrong, because every act provokes a reaction which is even worse. The most appropriate method for an attempt at improving the political relations between PSI and PCI consists of undertaking an initiative for the search for an agreement on problems which touch on fundamental concerns of the workers, independently from the respective positions of the government. Only patiently, by rejecting sectarian polemics from whatever side, can we hope to reknit the threads,

which are becoming each day more tenuous, although socialists and communists have much in common, and this, notwithstanding everything, has resisted and resists severe tests.

#### On Internal Democracy

5) Of great value is the guarantee of the full democraticity of the party's internal life, of the substantial respect for opinions, of the honesty in relations between majority and minority, of the necessity to seek always a synthesis among them. In any case, the fundamental democratic principle, which must not suffer any prejudice toward dissenting ideas, is being assured and rigorously observed in practice. The left has the extraordinarily important task of fighting for such essential principles, for coexistence within the party and its very unity.

#### Beyond the Disputes Over Power

If the needs described are useful to Italian socialism, we must have the courage to overcome ancient and recent divisions, to put an end to particular visions inspired by pure group interest, to express a strong impetus and a renewing action of the left, from which the entire party will profit, raising the level of the confrontation and of the political debate above the sometimes shabby, always uninteresting, disputes over power for its own sake.

8956

CSO: 3104

## WIEGEL FAVORS CONTINUATION OF VVD-CDA COALITION

Amsterdam ELSEVIERS MAGAZINE in Dutch 25 Oct 80 pp 24-27

[Interview with Deputy Prime Minister Hans Wiegel by Frank Lafort: "The Government Won the General Political Debate"]

[Text] The Christian Democrats are trying to bend the government's policies to the left. A vote for D'66 [Democrats 1966] ultimately means a vote for "Uncle Joop of Buitenveldert." These are the words of Deputy Prime Minister Hans Wiegel who sees some improvement since the Parliament has approved stringent policies of financial cutbacks and economies. According to Wiegel the VVD [Union of Freedom and Democracy] wants therefore to avail itself of this new political unanimity in a second term of the government with the CDA, perhaps strengthened by D'66.

The exact proposals formulated this week by the government in the Labor Council--pushing wage increases from 8 percent back to 5.5 percent--would only a few months ago have been badly received by all parties involved. In July and August the political parties were not yet prepared to go along. If the present plans of the cabinet had been unilaterally presented in the summer months, the government would not have survived. Deputy Prime Minister Hans Wiegel says: "Of that I am convinced."

To prevent high-handedness on the part of the government the Van Agt-Wiegel team intentionally indicated in the budget of the minister of finance only broad outlines for an extra scenario of economies without explicit details of new cutbacks. This careful maneuver of the Catshuis [the prime minister's residence] was inspired by internal dissension in the government on the future economic course of action and by a CDA faction without much inclination to cooperate.

VVD Chamber members are slyly saying that till very recently the Christian democratic record mainly consisted of attacks on their own government leaders with demands for undiminished purchasing power and votes in favor of extra expenditures. Christian Democrats even kept this up till the eve of the General Political Debate. For instance, during the first week of October when the permanent Chamber committee for social affairs accepted a CDA sponsored motion which distressed Minister Albeda who is chronically in financial trouble, and demanded that 1980 incomes of social minimum recipients not be reduced. Cost of this CDA operation: 60 million guilders. One week later, during the General Political Debate, the CDA performed its about face. In the second round of the

debate, following Van Agt's footsteps, CDA faction chairman Lubbers once and for all put a stop to the fairy tale of maintaining purchasing power. This breakthrough is now also noticeable in a number of social organizations. For instance the CNV [Christian National Labor Union] is under certain conditions willing to go along with a policy of financial retrenchment. Wiegel: "As the result of repeated warnings by the prime minister and myself about the bad state of our economy we can now see that the people are willing to cut spending."

Wiegel says: "Against this background it is gratifying to see that not only government coalition parties (CDA and VVD) support retrenchment but, quite remarkably, also D'66. That is a good thing. Our opponents have always said that the government cannot claim broad support. I denied that from the beginning. Through its policies a government, even though it is based on a small parliamentary majority, can succeed in winning such broad support. This was again very clearly demonstrated during the last General Political Debate."

During the debate the Parliament appeared to be more Catholic than the pope and demanded an even more stringent financial retrenchment policy than the 2 percent suggested by the government. The government parties demanded 3 percent and D'66 was not even scared of 4 percent. The government, on the other hand, proposed this week in the Labor Council a safe average of 2.5 percent.

The government's course of action led to a reprimand from employers. They complain that the government leaders are falling behind the Parliament in their urge to economize. This argument does not perturb Wiegel at all. His philosophy is that a sudden move of the rudder can capsize the boat: "In short, the government want to be a good pilot."

From a completely different corner, the parliamentary opposition supported by the FNV [Federation of National Labor Unions], the government is accused of avoiding conscious choices and of not having its own policy. That really upsets the deputy prime minister: "We made that choice with Bestek '81 [Course of Action for 1981]. It introduced a drastic cut in government expenditures. However, what was our first experience with this plan? The Parliament badly crippled it. During the cabinet's first term the Second Chamber only made things more difficult. The government was forced to take additional action. If Bestek '81 had been executed from the start without abridgements we would now have been a lot closer to our goal."

In addition Wiegel must also keep in mind growing criticism in his own party which he will lead in the coming elections. The liberal faction says that the VVD ministers in the cabinet are too often giving in to the CDA. The majority of the VVD members of Parliament are badly upset that the cabinet torpedoed last week a complimentary SER [Social Economic Council] advice on liberal retrenchment proposals of 1.3 billion guilders. The liberals are also saying that the government's policies are inadequately explained, something very vital for the VVD if it wants to stem its electoral decline in opinion polls. This week's confidential polls predict a loss of four to five seats for the liberals. Wiegel: "I hear those signals too. However, the VVD is the smaller coalition partner. In government policies arrived at through cooperation between CDA and VVD ministers compromises will have to be made. When such proposals reach the Second Chamber one notices that the CDA tries to bend the government's policies to the left. When the

cabinet presents proposals the Christian Democrats begin to confer with the socialists to demand together all kinds of changes. That is not very good for the relations within the coalition. We really like it therefore that CDA faction Chairman Lubbers and VVD leader Rietkerk are taking the same stand in crucial areas. Such united action enabled the government to send the social partners a letter. In short: the government emerged stronger from the General Political Debate. That is also a reason for me to look forward to the elections with confidence."

The VVD's compromise policies, vigorously defended by Wiegel, are in sharp contrast to the course of action taken by the Belgian liberals. Just like the VVD, the Belgian liberals are in favor of drastic cutbacks in government expenditures. However, recently they did not hesitate to scuttle a cabinet out of dissatisfaction with its financial policies. But Deputy Prime Minister Wiegel's vocabulary does not contain the verb to preach: "DS'70 [Democratic Socialist Party 1970] did that in 1972 with only bad consequences for that party. My Belgian liberal friends have now departed. What will actually be the result? The liberals no longer participate in a new Roman Catholic-Red Coalition which will also have to take unpopular steps. The new Belgian government's compromise agreement contains a great number of issues advocated by the very liberals. Our own voters prefer it when their party tries to shape the government's policies. The alternative is a continuation of the Den Uyl cabinet. I believe that many VVD voters and a majority of CDA voters do not want that."

It is clear that Wiegel is betting everything on a continuation of the present coalition, whether or not strengthened by D'66. Never have so many Christian Democrats and liberals been seen visiting the seats reserved for D'66 as during the last General Political Debate. It is a prelude to intensive cooperation? Wiegel: "I do not exclude the Democrats from the next coalition. But D'66 is a club internally plagued by differences of opinion about the course of action to be taken. Terlouw has not completely locked the door to the VVD. The D'66 leader is clearly aiming at cooperation with the PvdA, if I interpret him correctly. D'66 voters should be well aware of the fact that their choice would probably amount to voting for Uncle Joop (Den Uyl) from Buitenveldert."

Wiegel has another reason to opt for a new spell in the government with the CDA, he wants to harvest the results of the new policy of financial cutbacks. Experts like the economist from Groningen, Prof S.K. Kuipers, have come to the conclusion that the retrenchment scenario presented by the government to the social partners--provided the cutbacks are adequate and cover a period of several years--offers good prospects for a change for the better in our economy."

According to Professor Kuipers this policy is wholly dependent on the vigor and courage of this government and the next. Wiegel: "Whosoever may then reside in the Catshuis will then enjoy the fruits of our policy. For 3 years we have been busy absorbing economic and political setbacks from within and without the country. We have only been able to present three budgets instead of the customary four. If the voters give us the chance of a second term, this cabinet, already familiar with the procedures, can easily design the long-term plan Professor Kuipers has in mind. We should not repeat the mistake of 1973 when Den Uyl took over. If the coalition between Christian Democrats and liberals had then been continued we

would now not be in such trouble. Since 1973 the liberals have needed 6 years to change the pattern of expenditures established in the 4 years of the Den Uyl cabinet. In addition I have also happy memories of the cooperation with Prime Minister Van Agt, even though we do not always agree."

There is probably such a good relationship with high echelon CDA leaders, but since last week Wiegel has been on bad terms with the CDA faction. The friction is caused by the appointment of a new mayor in Oss in the province of Brabant. At the top of the list of candidates for Oss was CDA chamber member P. Cornelissen, who has the support of the entire CDA faction. However, Wiegel, in his capacity of minister of internal affairs passed over the Christian Democrat and appointed a socialist in Oss. The anger of the Christian democrats is aroused by the fact that the new mayor of OSS used to be a CHU [Christian Historic Union] member who "defected" to the PvdA. CDA members of the Second Chamber call this appointment a "slap in Lubbers's face."

As minister of the interior Wiegel is also directly responsible for 800,000 civil servants and indirectly for 400,000 workers whose salary arrangements follow the government's example. The government's letter to the social partners will also affect the position of government personnel, says Wiegel. "Within the framework of the 1981 budget of the ministry of finance the contribution by civil servants was originally set at 800 million guilders. In the letter to the social partners the retrenchment policies are sharper defined, this will affect government personnel. The consequences are now being calculated. If the sharper policies are carried out I will present revised proposals to the unions of government personnel. I do not think that they will exceed 800 million guilders."

10319

CSO: 3105

## VVD'S DE KORTE ON PARTY PROGRAM, SPECIFICATIONS '81

Amsterdam ELSEVIERS WEEKBLAD in Dutch 25 Oct 80 pp 33, 35

[Report on interview with Member of the Chamber De Korte (VVD [People's Party for Freedom and Democracy]) on Party Program: "'Specifications' Policy Must Be Continued"; date of interview not given]

[Text] The general debate in the second chamber was very reminiscent of a discussion in an election meeting. That was not unexpected. For, although the Van Agt Cabinet survived the trial, the elections are nevertheless approaching. Meanwhile most political parties have put their promises and desires, goals and means on the table; first for the judgment of their own members, presently for the voters' judgment.

Just before the general debate, the VVD was the last of the four large parties to announce its program plan. And for that party also, economic growth appears to be both the goal and the means to solve many socio-economic problems. EW [ELSEVIERS WEEKBLAD] asked the liberal member of the chamber specialized in economics, Dr Rudolf de Korte, what exactly happened to that economic growth in the past years and (thus) where it has to come from in the coming years. That is, the VVD program does not say that.

What does the story turn out to be? The VVD wants to pull off its big coup in a little while, after the elections, after the cabinet formation and create financial room for investments, for industrial renewal, for extra compensation for dirty and heavy work, for volume policy, for more work opportunity, for fewer benefits recipients, for economic growth, through one large, slam-bang decrease in income. Without much levelling, but with consideration for the lowest-paid.

The election program plan doesn't really state that, but VVD members apparently prefer to explain some things in interviews.

EW: The election program plan of the VVD starts with praise for Specifications '81 and the Van Agt Cabinet. Why?

De Korte: We are of the opinion that it was and is a good policy. That policy must be continued, but more sharply and more consciously. The Specifications policy has not been given enough opportunity, including in the parliament.

[Question] The 10 billion [guilders] cutbacks of Specifications have almost been realized. It did not give results such as more investments and less unemployment. Why is that?

[Answer] Economic growth turned out to be much lower than anticipated originally: it was practically zero, instead of 3 percent per year.

[Question] What happened to that growth?

[Answer] Growth originates to a great extent abroad. In all industrial countries growth has declined as a result of the second oil crisis.

[Question] The FRG, without natural gas, is much more troubled by that oil crisis. Nevertheless, the economic growth was considerably higher there.

[Answer] The difference was no more than  $\frac{1}{2}$  percent. But I really don't mean to say that all the misery comes from abroad. I only mention it as the first factor.

Many cutbacks in government expenditures require a certain amount of time; it doesn't happen from one year to the next. If the growth declines strongly, the collective sector, which is not cut back rapidly enough, threatens to commandeer a disproportionate share of the national income. When the growth declines, the necessity for cutbacks increases and the latter must be put into effect more rapidly. The current cabinet has not been able to persuade society enough in that respect. It was unable to get the support needed to realize the cutbacks at the necessary speed.

A third factor is the fact that in the Netherlands people are insufficiently aware of the unfavorable economic circumstances. The tendency is still great to embrace the interest groups model. That forced up government expenditures for 10 years. Now we see that those same interest groups try to oppose cutbacks in their own area.

FRG

[Question] The cutbacks of Specifications were realized in spite of those interest groups. Then what was the cause of the economic growth lagging behind, apart from foreign influences?

[Answer] I already said it. The lagging behind of the economic growth is mainly because of foreign countries. But one might indeed wonder how it is possible that in that same period -- the Specifications period -- the collective burdens did not increase and the share of wages and salaries did not increase in the FRG in the national income. That is indeed a good question. Not: "How is it possible that the growth in the Netherlands declined so much?" You see that in all industrial countries. In the FRG a little more growth was achieved. But that has always been that way. That has more profound causes.

[Question] Is the relationship between the collective and the private sector in the FRG better because there was more growth? Or was there more growth because that relationship is less distorted?

[Answer] Oh, I think it's the latter! I think that the growth in the FRG has been a little higher than in the Netherlands for a number of years because the collective expenditures in the FRG take up a smaller part of the national income and thus put a smaller brake on activities in private industry.

[Question] Then is it possible that Specifications '81 did not work because in the Netherlands that relationship was wrong already at the beginning and because Specifications '81, in spite of 10 billion [guilders] in cutbacks, did not alter that fact?

[Answer] You cannot see that separated from 4 years of the Den Uyl Cabinet, in which government expenditures had a real increase of 50 percent and thus were nominally doubled; especially the government expenditures in wages, salaries and social benefits. Those are the most difficult to cut back. That is the fourth reason why the Specifications policy did not yield what it should have yielded.

[Question] The VVD program says: "Continue that policy." But one page farther it says: "A conscious change of policy is needed." What is it going to be?

[Answer] I don't know where one can read the latter.

[Question] Page 2, first column, second paragraph.

[Answer] It states the same thing that was said at the beginning. It is about the exact same change of policy.

[Question] The Specifications policy, but then with full force, etc.?

[Answer] Precisely, that's what it is.

[Question] Thus not a change of policy?

[Answer] I'm not talking about the policy now. I'm talking about a certain course, the course it has to take; a greater share for the private sector, fewer non-active workers. That's the course. The policy, the manner in which that course is developed as it were, must change. The most important policy goals are now the industrial renewal policy, the investment policy and the labor market policy. Those three have become even more important than at the beginning of the Specifications period.

[Question] But that's nothing different, is it? All of that was in Specifications, wasn't it?

[Answer] But that's what I said. That was the essence of the course. You'll find that back in our program because we found and find that a good course. However, society hasn't had enough experience with it.

[Question] Thus the goal remains the same. Does the method change?

[Answer] That's a good question. And indeed, a thing or two is said about that in our program; about where things have to be done differently. Our program doesn't any longer say: "promotion of work opportunity and fighting of inflation" as it did last time. Now it says: "economic recovery and promotion of work opportunity." The emphasis has shifted to making the economy healthy before fighting unemployment can be taken up.

In Step

[Question] Fighting inflation is no longer a goal?

[Answer] It is still a means. We have already succeeded reasonably well in keeping inflation within limits. We are reasonably well in step with the FRG.

[Question] Specifications said: "2 to 3 percent inflation in 1981." It is going to be 6 to 7.

[Answer] Sure, sure, but when the water rises in all parts of the world, the water in the North Sea rises also. Part of the inflation is imported. Thus fighting inflation no longer comes entirely first, although it is obvious from the policy in the cabinet this year that the fighting of inflation still keeps an important place in the objectives.

[Question] The VVD program also talks about "fair distribution of the decrease in prosperity." What is that? Why does the VVD suddenly start out from a decrease in prosperity?

[Answer] To the degree there is less growth, the collective sector commandeers a continually greater share of the national income in an unchanged policy. That is because of indexing- and coupling mechanisms.

Room

[Question] Then is the VVD resigned to the government expenditures continuing to take up such a big share of the national income that "decrease of prosperity" has to be considered?

[Answer] No, no, what is meant is that as growth decreases, it becomes more and more difficult to distribute it in a fair manner. In less growth, the "unchanged policy" will raise its head more and more and room for investments, for work opportunity, for an industrial renewal policy becomes zero or negative.

[Question] And because of that the growth will "automatically" decrease again?

[Answer] Precisely

[Question] And the VVD wants, or at least takes the position that it should remain that way?

[Answer] No! We don't. Our proposals precisely have the objective to change that, so that with a growth of 1½ percent actually no increase of the collective burden takes place.

[Question] So that no decrease in prosperity will take place? But that doesn't have to be divided fairly. Then why is it in your program?

[Answer] In spite of our policy cutbacks, with 1½ percent growth there is still no room left to start up industrial renewal, to get adequate new investments off the ground. That necessitates a decrease in the purchasing power, at least a decrease of gross wages, civil servant salaries and social benefits. That is what is meant.

[Question] The VVD program mentions how many fewer benefit recipients, respectively more jobs the volume policy yields. But it doesn't say what that policy costs and barely what it contains.

[Answer] Sickness absence is now at 10 percent; that will have to have decreased to 8 percent at the end of the next cabinet period by leaving the first sick day for one's own account.

[Question] Then let's hope so. But how do you plan to decrease the number of WAO [Law on Labor Disability] recipients, which is still increasing, by 40,000?

[Answer] That is explained in our job plan.

[Question] No, that only states: 40,000 more jobs, 40,000 fewer WAO recipients. How you plan to do that is not mentioned. It could just as well have said 80,000.

[Answer] That would have been great, of course. But we are realistic. The number 40,000 originates from the Department of Social Affairs where they never want to burn their fingers on anything, never ever. That's where the 620 million [guilders] in cutbacks on social expenditures in the 1981 budget lead to. Only, it is going very slowly. Already now the VVD says in the budget discussions: "We want it to go more rapidly."

Dependent

[Question] The VVD also says: "The government has to do everything for growth." What, for example?

[Answer] One really expects too much from the recovery of the economic growth. That is for the greatest part dependent on foreign demand. We must make sure, however, that we have a proportional share of the foreign economic growth.

[Question] How?

[Answer] The trouble is that not one political party knows how its proposals will turn out economically. We don't know either what the effects of our plans will be on the economic growth. I expect that what we propose will have a positive effect and that what the PvdA [Labor Party] proposes will have a negative effect.

The PvdA starts out from a 2 percent growth. But in its program the collective burden still increases again by 1 percent. With us, in a 1½ percent growth, a stabilizing of the share of collective expenditures occurs in the national income.

[Question] Perhaps. And how do you get that first, minimal 1½ percent growth?

[Answer] By making room for the private sector. That's where it still has to come from.

[Question] That room comes about in the VVD program only because -- thus: if -- collective expenditures increase less rapidly, because -- thus: if -- the number of social benefit recipients decreases, because -- thus: if -- 230,000 jobs will be added in 4 years, because -- thus: if -- the collective expenditures increase less rapidly and because -- thus: if -- there is at least 1½ percent growth. Translated freely: growth leads to more work. But in reality it is: more work leads to growth, isn't it?

[Answer] Of course, they go hand in hand. But it is not so much a matter of growth. It is a matter of economic recovery. Therefore we will have to ask a decrease, or at least a moderation of incomes and a decrease of private consumption from the people in order to be able to pay for the decrease of the financing deficit, an increase of investments and expansion of the housing construction program: matters which are essential for achieving economic growth.

[Question] Wage moderation only leads to less consumption if there is no levelling. Yet, the VVD also wants to spare the minimum wage earners.

[Answer] When we say: "Spare the lowest-paid as much as possible," we don't mean that we maintain their purchasing power.

No Figures

[Question] That doesn't much affect the principle that income moderation with considerable levelling instead of less consumption merely yields higher interest on the money market and the capital market.

[Answer] We intentionally didn't give figures for the income development for minimum, minimum-plus, twice-modal, quadruple-modal, etc. in our program. That only puts into operation mechanisms for shifting the burden. I think that in the income moderation we have proposed -- the zero line for modal -- the income differences for modal and twice-modal will not decrease. Levelling is almost unacceptable already there. It will take all the pep out of society. Now, if you search for the most profound causes of the disappearance of the economic growth . . . .

[Question] But if the VVD wants to spare the lowest income groups and does not want to further decrease income differences up to twice-modal, then surely it should have opted for decoupling, or "coupling at a distance" of civil servant salaries and/or social benefits?

[Answer] We didn't get to that point yet. First we want to see if we can't manage with the volume policy.

[Question] But your program states specifically that with that alone the problems cannot be overcome. Even if all of that succeeds, a general income moderation is still necessary.

[Answer] Yes, that is a choice. And our program indeed is called: "To Work Together." Sacrifices, effort and consultation are asked of everyone. That will become the most important question at the start of the next cabinet. If it doesn't succeed, then it will become necessary to choose between a permanent wage measure or a temporary sacrifice of solidarity by the unemployed.

[Question] Then should voters simply wait and see what kind of policy will ultimately turn up after the elections, during the cabinet formation?

[Answer] It is not only a matter of the cabinet formation. It also depends on the standpoint of employers and wage earners. The consequence of maintaining the coupling between wages and civil servant salaries and social benefits could be a wage measure for many years to come. Therefore, in a one-time deliberation at the beginning of the cabinet period, agreements would have to be made with employers and wage earners on the main lines of the policy for the next 4 years.

#### Objectives

[Question] So far employers and wage earners have always said: "We don't care about the collective sector."

[Answer] No, the wage earners have always had three objectives: work opportunities, social security and purchasing power.

[Question] But who had to pay for all three was never mentioned.

[Answer] Precisely.

[Question] Thus it would be rather nice if, for example, the VVD were to say clearly before the elections what must be done if employers and wage earners shortly will not be prepared once again to pay for their own objectives or to set their own priorities. Then will there be a guided wage policy? Or still "coupling at a distance."

[Answer] I'm not going to say that beforehand. We didn't get to that point yet. I am of the opinion that one must be able to make agreements.

[Question] Besides income moderation, sparing of the lowest paid and not too much levelling, the VVD also wants a little more income differentiation, just to mention: extra compensation for dirty and heavy work. How do you achieve that?

[Answer] That is precisely a very great need in income moderation.

[Question] Yes, at least that is stated clearly in the election program. The question was: How do you achieve it? Moderating one person a little more, so that the other one can get a little more?

[Answer] The operation of the law of supply and demand on the labor market really ought to be restored a little. The labor unions are also in favor of that: the food unions, the ports. Not the Industrial Union, of course. But in sectors where the problems in the labor market are gigantic, where there is hardly any supply of personnel, where employers are forced by necessity to start giving all kinds of extra allowances, the unions can no longer keep control of their members. More wage- and income differentiation according to branch of industry, region, nature of the work, is needed very badly. If that doesn't happen, we will not achieve anything, not with all our bureaucratic measures. Then other measures would serve no good purpose.

[Question] Definitely not. But how will it be done, decreasing wages by say an average of 1 percent per year? Food unions plus two. Industrial unions minus four? Not starting out from an average of one, but an average of 2 percent wage decrease?

[Answer] Yes, there ought to be additional wage moderation in weak branches of industry and in weak regions.

[Question] And that while still starting out from an average  $1\frac{1}{2}$  percent economic growth over the coming 4 years. That is a considerable improvement after the growth has done nothing but decrease in the past 10 years. Then where does that improvement come from?

[Answer] As stated, we started from the premise that this is the growth which reaches us from the world trade.

[Question] Thus the VVD also, just as the PvdA, CDA [Christian Democratic Appeal] and D'66 [Democrats '66], starts from the premise that improvement in the economic situation will happen all by itself: a minimum of  $1\frac{1}{2}$  percent per year?

[Answer] No, we say that it can be 1 percent, or  $1\frac{1}{2}$ , or 2.

[Question] At least 1?

[Answer] Yes, that's what we started out from. I'm curious what will come out of the medium-term prognosis of the Central Planning Bureau in the fall, 1 or  $1\frac{1}{2}$  percent.

[Question] More important is the question of what is put into it. Also for a 1 percent growth, whether or not "from the world trade," collective expenditures will have to increase further, investments will have to be made, jobs must be added . . .

[Answer] That's what we're doing!

[Question] With the proceeds of that growth. Then does that come from abroad all by itself?

[Answer] Well now, not exactly "comes from abroad," . . . it is paid mainly by foreign countries.

5 Billion

[Question] Is it really wise to spend in advance the yield of a possible economic growth, just as in Specifications '81? If that growth doesn't come, then there will be a deficit of about 10 billion guilders in your financial story for the subsequent cabinet period. Where will the money come from if there is still no growth at that time?

[Answer] From income moderation. And we're not starting right away the first year with drastic curbing of the financing deficit. The housing construction program won't be brought up to par in 1 year either. Only, the investment program of an additional 5 billion should of course come about in the very first year, otherwise there will be no 300,000 additional jobs, no industrial renewal at the end of the next cabinet period and no . . . .

[Question] But where will the VVD get those 5 billion, right at the beginning?

[Answer] Of course there are possibilities with the financing deficit. We want to limit that to 4 billion, but it could be phased.

[Question] Non-limitation doesn't yield anything. Then does the VVD again want to increase the deficit first?

[Answer] The most important thing of course -- and I rather like that -- is that in the first year of the next cabinet period the income moderation must be the greatest. In the first year the big step of making room for profits and investments will have to be taken.

[Question] A much greater decrease of the purchasing power than the average 1½ percent which is in the VVD program, apart from the dirty and heavy work?

[Answer] Yes, yes!

[Question] Twice as much?

[Answer] That I don't know. And I won't discuss it either. That is the crucial question. The new cabinet will have to have learned from the errors made by this cabinet: at the very beginning -- oh yes, we participated also -- abandoning all kinds of purchasing power objectives. That was the beginning of the failure of Specifications.

The big step must be taken as much as possible all at once. A lot of room is created thereby. Also, it would be difficult to ask sacrifices of the people every year for many years. It should be done all at once. That is the decisive factor. The hard, unpopular measures must be taken right at the beginning. Then the elections will still be far off also. Three, four percent, that gives a lot of room.

[Question] All of that is not mentioned in the election program of the VVD.

[Answer] No, but those are things which of course you don't put in an election program. That's what interviews serve for.

## NEW CDA STRUGGLING WITH IDENTITY PROBLEM

Amsterdam ELSEVIERS WEEKBLAD in Dutch 18 Oct 80 p 3

[Article by Piet Goosen: "CDA in Search of Self"]

[Text] After 13 years of forging a union under one leadership out of the KVP [Catholic People's Party], ARP [Antirevolutionary Party], and CHU [Christian Historic Union] the new CDA [Christian Democratic Appeal] began last Saturday with beautiful festivities. Beautiful things were said during the congress which celebrated the fusion. Whether it will become a political party remains to be seen.

Founder Piet Steenkamp warned: "Do not forget that many people around us are just waiting to see public opinion which considers the CDA a mess with great disparity between its words and its deeds, confirmed."

This might be the place for a personal confession. When I was a boy I had a reformed protestant friend whose father was a deacon; on Sunday he was not allowed to use his bicycle. But he was allowed to do it in the evening after dark because people could not see it.

Many years later I happened to attend a mass with some acquaintances, Catholics as it happened. Afterwards I wanted to discuss the priest's sermon, the rest of the mass had been in Latin, not so easy to follow. I was told: "We never listen to it, you were probably the only person who did."

More people must have had such everyday experiences which create a hard-to-dispel distrust in Christian people in general, who are so pretentious, and Christian politics in particular.

Christians are of course not worse than other people, and also not better...but what about that religious sauce which continues to fool people. Last Saturday large portions of it were served during the CDA congress. However, politicians are now applying it so thickly that only a very experienced church-goer can stay unperturbed. Every Sunday he has learned to let it go in one ear and out the other.

It is probably the training over many years of one sermon per week which enables him to take everything for granted. However, in this manner the CDA will not gain one vote outside church circles. After the euphoria of novelty has worn thin, perhaps not yet during the coming chamber elections, but a little later, this new political party--for the moment nothing but old wine in new bottles--will just crumble.

## In Sequence

It was of course the party base which wanted to have the CDA. The base consists of councilmen and leaders in villages and towns; for a long time they have been working together in one CDA (but always a Catholic, and antirevolutionary, and a CHU member in sequence on the list of candidates) and it really clicked. It is all about a building permit, a road, a village house; there is no big politics, at best a small political game.

However, on a nation-wide level completely different things are at stake, like nuclear power and nuclear warheads, South Africa, and abortion, the strongest and the weakest in our society. There are many divergent opinions on these subjects within the CDA which is perfectly all right, but to preserve unity it leads in most cases to a stand without much risk, somewhere in the middle.

The CDA is nevertheless not at all in favor of this situation. According to the new chairman, Piet Bukman, the CDA is often characterized by insiders and outsiders as a party of the center. "People say the center is powerful, therefore it is sacred. The center is comfortable, therefore it is acceptable."

After this laudatory hymn on the center the party's character appears yet to be defined by fundamental convictions, political convictions, the election program, and "the way in which politics is practiced in reality. The latter has to be part of it."

I would personally mention the last part first, but it is all a matter of taste.

Bukman also talked about internal dissension and reduced the problem to a bird unable to fly without two wings. An imperfect image because if one wing beats forward and the other backward the bird will spin around like a top.

But Piet Bukman has it all figured out: "Now begins the real thing, the CDA's political functioning as a party. That is a somewhat neglected territory."

## Jarring Note

Hans de Boer of the defunct ARP, for that matter, has it figured out too. "The coming years will be much more difficult." His was a jarring note in words, as well as image. "Hundreds of ARP members do not want to make the transfer to the CDA."

"The party is nothing but a means, an instrument. What really matters is its contents." That is for Hans de Boer: "Help the weak. Allow the disenfranchised to speak up. Fight injustice."

Well, Piet van Zeil of the former KVP agrees, saying with pathos: "We should be the ones to extend a helping hand to the weak in our society."

We should not forget faction leader Ruud Lubbers, whose speech could not be endured with dry eyes. He talked about mankind, so badly out of sorts, uprooted children, alienation, poverty in the Third World, and the habit of prosperous people in the West to "stay in five-star hotels". "Sometimes I ponder: should I be afraid of the revolution, or is it a revolution of justice?"

The only orange Baghwandistic CDA member must have eagerly listening.

However, the applause went to Prime Minister Van Agt. Applause when he congratulated Piet Steenkamp, the man in perpetual motion. Applause when he announced that the party has the support of one out of every three voters. Applause when he talked about the rise of the middle class and the farmers. Applause when he talked about badly underestimated unpaid services; "this also includes devotion to one's own family." Applause when he advocated that men, as well as women get work and take part in the production process. And also when he disapproved of arbitrary action against democratic decisions. "A democracy with self-respect can demand that its decisions be honored." Applause, and, in conclusion, a standing ovation.

Repeatedly standing up in respect for the speaker is a peculiar habit, but also a good indication of the degree of approval. I noticed how some persons and little clusters of people hesitate for quite some time before they get up with reluctance. Just like some CDA members I know who hangs the election poster in their window but the picture of Van Agt has been carefully cut off.

#### Beatified

Piet Steenkamp, CDA architect, was almost beatified. He asked himself repeatedly: what is the CDA's position? As if he did not yet know after 13 years of building.

"The CDA is a party with reform and change in mind." What is its position in the political power structure? "The CDA does not recognize structural allies; neither the PvdA [Labor Party], VVD [Union of Freedom and Democracy], or D'66 [Democrats 1966] can be considered. When we think of such categories I know who our natural allies are; the weak and the disenfranchised, near by and far away. If there are people under pressure, disenfranchised, and defenseless persons we should be the good Samaritins. If people are being tortured or in extreme danger we in the CDA should feel their pain in our own bodies."

Piet Steenkamp is a wise man but he is probably not much of a politician. I quote Franklin Roosevelt: "Idealism and naiveness are synonymous." He also said: "Words awaken, examples attract."

Let us wait for the examples.

10319  
CSO: 3105

## LABOR PARTY PLAN FOR NUCLEAR-FREE ZONE CRITICIZED

LD281537 Oslo AFTENPOSTEN in Norwegian 21 Nov 80 p 2

[Editorial: "Labor's Nuclear Delivery"]

[Text] The idea of a nuclear-free zone "in the Scandinavian area" is now being marketed as the wonder drug to prevent a security policy collapse within the Labor Party. "This will unite the Labor Party," party chairman Reiulf Steen said on ARBEIDERBLADET's front page, while Labor Party youth organization leader Thorbjørn Jagland came close to ecstasy: "The program formulation will come as a catalyst for those who have involved themselves in the work for disarmament," he said. What about the rest of us? We should first and foremost ask if the medicine is good for Norway as a nation or if the Labor Party is trying to cure itself at the cost of important national interests?

The new formulation proposed in the party program says: "The goal must be to prevent nuclear arms being used on or against Norwegian territory. Norway will work for a nuclear-free zone in the Scandinavian area as part of the work for nuclear-free zones in a broader European context." And Steen made it clear that by "the Scandinavian area" he also means the Kola Peninsula and the Baltic region, at the same time as hinting that it is especially Soviet tactical--as opposed to strategic--nuclear arms which would be included in the possible future zone regulations. The Russians not only have their large strategic submarine-borne missiles on the Kola Peninsula, but also smaller nuclear arms with Scandinavia as their target area; in the Baltic it is only 4 years since the Russians introduced their first submarines with nuclear missiles in what had been a nuclear-free sea area.

We in Scandinavia should not shrink from serious discussions with the Soviet Union on arms control measures which could reduce international tension and the danger of war. And serious discussion here means that the objective is a properly balanced agreement, which imposes equally binding limitations on both sides' freedom of action, which can be checked and which is part of a broader European arrangement. But serious discussions primarily mean that all ideas from Norway are carefully evaluated and are assured broad support through the Storting's various bodies, to prevent Moscow's manipulation with the help of internal Norwegian disagreement.

The Labor Party has not assured itself of any such support in the present matter and thus the zone idea is revealed as a "wily" political evasion. A solution is not being sought in intelligent decisions, but in crafty formulations. This is possible because the party's leaders do not themselves believe that the Russians will remove their nuclear arms from the Kola Peninsula or the Baltic area.

The idea could also be a danger to Norwegian interests because it could be used by the Russians to exert political pressure to get Norway to make concessions step by step. We have already seen a small shift--when undersecretary Johan Joergen Holst first voiced the idea in Helsinki on 27 October, he spoke of a zone "embracing central areas in Europe as well as Scandinavian Europe"--while Steen's declared program aims at a Scandinavian zone "as part of the work toward nuclear-free zones in a broader European context." Here there is already an opening for a Scandinavian zone to come first; 3 weeks ago simultaneity was being advocated.

In a protracted debate the risk would be that Norway's actual freedom of political action would be limited by obligations which would in fact only be self-imposed and that Norway's special security policy position would be worsened that the joint NATO alliance commitments would lose all their political content. For example, would Norway, as a part of a nuclear-free zone, continue to pay its share of the costs of the NATO infrastructure program for nuclear arms?

As long ago as 1958 the Russians were the first to put forward the idea of a nuclear-free zone in Scandinavia, and in the following year the government organ IZVESTIYA wrote that such a zone--which would not include Soviet territory--could be the first stage of a transition by all the Scandinavian countries to a position of neutrality." Thus the danger of precisely this development still exists if Labor Party leaders continue to prescribe foreign policy demarches as internal medicine for an ailing party body. There are so few of us in this country and we have such an exposed situation that we owe each other a more serious treatment of Norway's problems in the world.

CSO: 3108

## PAPER EDITORIALIZES ON LABOR PARTY NUCLEAR ARMS POLICY

LD261537 Oslo ARBEIDERBLADET in Norwegian 21 Nov 80 p 4

[Editorial: "Politics Against Nuclear Arms"]

[Text] The fact that a growing interest in detente can be noted today reflects much of the fear many people feel that arms madness will bring humanity to the brink of and into the great final catastrophe. Their fear is real. There are enough nuclear arms in the world to destroy all life. Not only once, but several times over--if it is possible to imagine such a thing. And despite this new nuclear arms are forever being produced and deployed.

We believe that even the superpowers and nuclear powers have enough sense, on both sides, for no one to have any special desire to "press the button." The impetus behind the arms race is the wish for self-protection and for peace through the so-called balance of terror.

Even though there is a lot to be said about the balance of terror as a system and also about the systems of alliances in the world, there is no getting away from the fact that, despite everything, there has not been a war in Europe for 35 years. In the historical perspective this is a relatively long period of peace in Europe.

The difficulty we have in thinking that peace can be endlessly built up through continual rearmament is partly due to developments in arms technology and the systems of alliances. It is difficult to envisage an open armed conflict between East and West as anything other than the end of human history. At the same time it goes without saying that the danger of such a thing happening increases with every day that the arms spiral continues its ascent. Many people are asking themselves whether it is possible in the long run for the two sides to have under safe control so many sophisticated arms systems with their catastrophic potential.

It is first and foremost the superpowers themselves which can do something about the lunacy that we are witnessing today. But this must not lead to a situation in which we ourselves remain passive. The fact that our own government, for example, last year supported the NATO modernization resolution, was not because of a desire to have more nuclear arms deployed in Europe, but exclusively because such a measure would create the possibility

of new negotiations between the superpowers on the reduction of their nuclear forces. Even though there was disagreement within the Labor Party on the modernization issue, we believe that no one doubted the government's motives. At present it is impossible to say whether the modernization resolution will lead to any positive results. But there is still hope.

In the draft of the Labor Party's new working program great importance has been attached to work toward disarmament and peace. The Labor Party wishes to plan a policy for how Norway might contribute to detente and to opposition to the nuclear arms race. This is in fact a policy for removing some of the grounds for the fears for their existence that can be noted in many people today, not least in young people. A large proportion of today's school-children not only fear, but also fully expect that they will witness a nuclear war.

Through its program formulations the Labor Party wants to follow up in practical policies the resolutions adopted at the UN special session on disarmament. When the program says that "Norway will work for a nuclear-free zone in the Scandinavian area as part of the work for nuclear-free zones in a broader European context," this is an expression of a desire to begin the struggle against those nuclear arms in our own immediate area. Because there are no nuclear arms in Scandinavia itself during peacetime, the type of agreements which can be made regarding the arms on the Kola Peninsula and in the Baltic area is most important.

Of course, it is unrealistic to imagine that the Soviet Union in the short term will remove its strategic nuclear arms from this area. However, it is true, as Labor Party Chairman Reiulf Steen has pointed out, that there are within the "Scandinavian area" tactical nuclear arms which could be included in a schedule of negotiations.

The Labor Party's new nuclear policy is not merely a program formulation. It will bind the party to taking initiatives for negotiations. The chances of success will be greatest if the Labor Party can pursue this policy from the position of government. The nuclear zone policy falls inside an area in which the Labor Party has often been in conflict with itself. But not now. A unanimous program committee has produced a political mission which will inspire and unite the whole party.

CSO: 3108

## CLOSER COUNTRY TIES WITH EEC URGED

LD281717 Oslo ARBEIDERBLADET in Norwegian 12 Nov 80 p 4

[Editorial: "Norway and the EEC"]

[Text] Prime Minister Odvar Nordli is the first Norwegian Government chief to have paid a visit to EEC headquarters in Brussels since the referendum in 1972. This is an event which in itself indicates that we in Norway are beginning to have a more relaxed approach to the relationship Norway should have with the community.

However, the visit has turned out to be something more than a courtesy visit to mark the good relations between Norway and the EEC. The talks Prime Minister Nordli has had, primarily with EEC Commission Chairman Roy Jenkins, have resulted in an initiative that is described as unique for a country that is not a member of the EEC. It has been decided that representatives of the Norwegian Government and of the political leadership within the EEC system will meet once a year to discuss questions of mutual interest. As a country with a trade agreement with the EEC, Norway today has talks with the commission twice a year within a framework of the joint commission. It is now intended that these meetings should be raised to the political level. Such consultation arrangements will give the talks a completely different significance than they would have if they were held with the bureaucrats in the EEC Commission. No other nonmember nation has been given a similar chance of direct talks with the decision-making authorities within the EEC, and as far as we know the question does not arise of other nations with trade agreements arranging regular discussions at a correspondingly high level. This is a clear signal that the EEC attaches great importance to good relations with Norway.

The reasons for this special attention from the community are many. It goes without saying that our North Sea resources make us especially attractive in a Europe poor in energy. The possibility of being considered in connection with the production of oil and natural gas on the Norwegian continental shelf is obviously one of the reasons for the enthusiasm for cooperation being demonstrated by Brussels.

It is also important for the EEC to keep in contact with the northern areas of our part of the world. The EEC is facing a considerable expansion of the number of members in Europe's southern latitudes. Greece will join the EEC

on 1 January 1981. Spain and Portugal also have EEC membership as their goal, even though it will take a few years before entry is a fact. It is hoped to balance this shift in the community's geographical center of gravity by closer contact with Norway.

Norway must seize the opportunity the EEC is now offering. Developments in Western Europe in recent years, both political and economic, have underlined our close involvement with this part of the world. The EEC is without doubt the biggest consumer of Norwegian exports and it is from the same part of the world we take the majority of our imported products. Every single day the Norwegian economy is affected by the variations in the economic climate in Western Europe.

The most interesting feature in the development of the cooperation between the EEC nations is to be found in the field of foreign policy. As uncertainty surrounding the U.S. foreign policy line has grown the EEC countries have developed forms for close consultation on international questions. Such coordination of views would be of the greatest importance for Norwegian foreign policy. The election of Reagan as the new U.S. president has created new uncertainty surrounding Europe's Atlantic ties. If it is the goal of the EEC nations to develop their own European "identity" in international questions, this would naturally affect Norway.

The arguments in favor of expanded contacts are many, both for the EEC and for Norway. We must accept openly and without prejudice the opportunity now being offered. The EEC has not developed in the way its supporters hoped and its opponents feared in 1972. Now that consultations between Brussels and Oslo are being further improved there is no reason for either of the parties to invoke old ghosts. The decision to reject membership made in 1972 has not been disturbed. It is not current policy to consider membership, but this must not prevent us from developing closer pragmatic cooperation with the EEC's various organs. Prime Minister Nordli's visit to Brussels has laid the foundation for the active European policy that has been sought for so many years.

CSO: 3108

## SALTİK COMMENTS ON FUTURE OF POLITICAL LEADERS

Istanbul TERCUMAN in Turkish 29 Oct 80 pp 1,10

[Text] FOREIGN NEWS SERVICE -- National Security Council [NSC] Secretary General General Haydar Saltik said, in a statement to representatives of foreign newspapers and news agencies yesterday, "The leaders of the two large political parties will return to political life after civilian order has been restored."

General Saltik pointed out that Demirel and Ecevit were, at the moment, "normal citizens" and said, "They will be permitted to pursue a political life as they wish."

The NSC secretary general did not mention Turkes and Erbakan.

General Saltik said that 6,900 persons had been arrested since 12 September on the claim of being extremist militants, that 3,900 of these were still in detention and that these persons were involved in various crimes.

General Saltik pointed out that the NSC could give no time for the return to democracy and said, "Our administration has not yet had time to get to the deep roots of terrorism. For this reason, it is impossible to give a schedule."

Saltik noted that after the 1960 revolution, it took 7 months to form the constituent assembly.

General Saltik later pointed out that Turkey was ready to conduct mediation in the Iraq-Iran war but said that no proposal in this regard had been received from either country.

The NSC secretary general pointed out that they were greatly concerned over developments in the Iraq-Iran war and said that if Iran would release the hostages, Turkey would be happy to allow them to pass through Turkey on their way home.

Saltik reaffirmed at the meeting with foreign press members that the amended constitution and the electoral law would be passed by the constituent assembly.

## Budget to Have 300 Billion Lira Deficit

While information was given to the foreign press members on the economic situation, after explaining that the 1980 budget was expected to close out with a deficit of 300 billion liras, it was said: "Various reserve measures will be taken to offset the problems this deficit will cause."

Meanwhile, it was reported that construction would be halted on investments which owed their existence to political preference and those in the planning stage would not be begun.

It was reported at the meeting that a radical agricultural reform would be realized to resolve Turkey's agricultural problems and that those employed in the agricultural sector would be covered under the assurance of all social rights and interests.

8149

CSO: 4907

## EVREN GIVES ATATURK COMMEMORATIVE SPEECH

Istanbul HILLIYET in Turkish 10 Nov 80 p 7

[Text of speech given by State Chairman General Evren]

[Text] Ankara--In a message marking the 42nd anniversary of the death of Ataturk, State Chairman General Evren addressed Ataturk and said, "We are neither on the right, nor on the left." In the message, Evren spoke of the 12 September takeover, giving this viewpoint:

"The Turkish Armed Forces has once again thwarted, in this way, the unfortunate efforts leading to disaster that are directed, in our nation, toward deviation from Kemalist principles and then toward the partition of the nation and, what a pity, that even attempt to create enmity toward Ataturk for the sake of various interests."

State Chairman Evren's message commemorating the anniversary of Ataturk's death reads as follows:

Forty-two years have passed, with each day bringing more severe sorrow at his absence, since we lost Ataturk, our great savior, heroic soldier, and exalted statesman.

There are, in the world, a number of men who have contributed in various fields to the histories of nations and who will always be remembered with the same respect. Yet, it is the great leader, Ataturk, who, through the achievement of the epic Independence War, the miracle of the new Turkey, and countless reforms, occupies the most distinguished spot in the history of the world as well as in the history of the Turk, which possesses an unsurpassed richness in this respect.

He, with his military and political genius, saved our nation, which was doomed to be erased from the pages of history and had begun to lose hope of survival, and rescued the Turkish people from the claws of an avaricious and compassionless invasion. As a statesman without peer, he

established a republic with mankind's most progressive and most meritorious form of administration and accomplished, at the same time, enormous, basic reforms that no one else would even dare to venture today.

As a leader of genius and a superb teacher, he took on the fanaticism of the Dark Ages and brought to our nation creative, scientific, and technological advances and a modern, contemporary, healthy, and fortunate way of life.

It is for these reasons that he lives on as a paragon of honor and pride through the works that he, as an architect, designed in every corner of the country and through the principles that lie in the hearts of the people, who have attained renewed life.

In the 42nd year of our loss, the fire that burns in our veins with unconsumed longing and with the sorrow that is as fresh as that of the day of his death will carry us henceforth, as it has in the past, endlessly along the glorious and auspicious course set by Ataturk with the same enthusiasm and faith.

Ataturk is a sacred ideal for the Turkish people. The tears of each 10 November will find consolation through loyalty to him and his principles and through proper pride in his actions that led to permanence, goodness, beauty, and truth. On every new 10 November, which brings with it orphan status, Ataturk's sacred soul will rejoice with Turkish youths, who are more powerful, more determined, and more worthy of him.

Filthy hands that reach out to grab the republic, Ataturk's gift to the people and his legacy to the youths, and to seize the sacred lands of the free nation will always be circumvented with extreme force. As Ataturk said most eloquently, "And if our insignificant bodies join the land, the Republic of Turkey will endure forever."

The most powerful guarantee of this belief, the heroic Turkish Armed Forces, with its boundless pride in being at the command and at the service of the people, will always be ready, as it has in the past, to perform its duty.

The Turkish Armed Forces has once again thwarted, in this way, the unfortunate efforts leading to disaster that are directed, in our nation, toward deviation from Kemalist principles and then the partition of the nation and, what a pity, that even attempt to create enmity toward Ataturk for the sake of various interests. And, henceforth, it, together with the exalted nation and the noble Turkish youths, in a union of mind and body, will remain unyielding with the majesty of a mountain in the face of a number of other evil aspirations.

Beloved Ataturk,

Let the power that cannot be wrenched from our grip shine in our eyes. Your principles lie in our enlightened minds. Your boundless love and faith lie in our hearts.

We are neither on the right, nor on the left. Forty-five million heroic and noble Turkish people of your creation, heads bowed in mourning on the 42nd anniversary of our bitter loss, will march, will run with determination and pride behind you along the course marked for us. We will certainly reach you and your ideal.

This great nation, these youths, these soldiers are forever yours, are part of you. They will live without end complete, strong, and free because of you.

The Turkish people have taken an oath to defend, to the last drop of blood, your accomplishments, your legacy with honor and dignity.

Sleep comfortably and peacefully in your eternal resting place, our unmatched hero, our great genius, exalted Ataturk.

11673

CSO: 4907

## COURT CASES OPENED ON FORMER PARLIAMENTARIANS

Istanbul CUMHURİYET in Turkish 8 Nov 80 pp 1,7

[Text] Ankara--It has been learned that 34 former members of parliament have been arrested and 44 former members of parliament are being tried in civil courts in Ankara on a variety of charges. Of the 34 former members of parliament being held, 17 are NAP [National Action Party] members; 12 are NSP [National Salvation Party] members; 4 are RPP [Republican People's Party] members; and 1 is from the National Unity group.

Of the former members of parliament being tried in civil courts on various charges, 23 are JP [Justice Party] members; 14 are RPP members; 4 are NAP members; 2 are NSP members; and 1 is a quota senator. They are, by party:

JP: Ali Yilmaz, Kasim Onadin, Adem Ali Sarioglu, Ihsan Ataov, Mustafa Basoglu, Ahmet Buldanli, Nihat Ilgun, Mehmet Emin Dalkiran, Ali Nihat Karol, Kemal Dogan, Ali Ak, Zeki Celiker, Muhammed Kelleci, Tevfik Koraltan, Fikri Pehlivanli, Hidayet Celebi, Ahmet Cinbek, Gungor Hun, Huseyin Ozalp, Ethem Ezgu, Hamdi Maden, Halit Dagli, and Ismail Hakki Yildirim.

RPP: Deniz Baykal, Akin Simav, Hayri Oner, Hasan Fehmi Gunes, Semih Eryildiz, Teoman Koprululer, Erol Saracoglu, Ferhat Aslantas, Suleyman Ete, Selahattin Ocal, Muslihittin Yilmaz Mete, Yuksel Cakmur, Abdullah Emre Ileri, and Celal Paydas.

NAP: Alparslan Turkes, Sadi Somuncuoglu, Mehmet Irmak, and Turhan Kocal.

NSP: Yasar Gocmen and Muhyettin Mutlu.

Quota group: Halil Tunc.

It has been reported that the former members of parliament will be tried for crimes committed while serving in parliament.

### Those Under Arrest

Former members of parliament under arrest at the commandant headquarters are, by party:

NAP: Alpaslan Turkes, Necati Gultekin, Mehmet Irmak, Mehmet Tahir Sasmaz, Nevzat Noseoglu, Cengiz Gokcek, Turan Kocal, Mehmet Yusuf Ozbas, Mehmet Dogan, Agah Oktay Guner, Ihsan Kabadayi, Sadi Somuncuoglu, Ali Gurbuz, Faruk Demirtola, Omer Cakiroglu, Ali Fuat Eyuboglu, and Servet Bora.

The NAP administrative officials that are being detained are:

Avni Carsancakli, Tahsin Unal, Luttu Ulkumen, Ahmet Er, Osman Albayrak, Salt Bilgic, Salt Ahmet Aybars, Selim Debre, Suleyman Surmen, Ahmet Karaca, Ahmet Senocak, Taha Akyol, Yasar Okuyan, and Ahmet Hamdi Ayan.

Judgment has been given in default against 33 additional NAP members.

NSP: Necmettin Erbakan, Oguzhan Asilturk, Ahmet Remzi Hatip, Fehim Adak, Sener Battal, Suleyman Arif Enre, Fehmi Cumalioglu, Recal Kutan, Lutfu Dogan, Korkut Ozal, Ali Oguz, and Abdullah Tomba.

Because he is ill, Ozal is being held at a military hospital. In addition, nine NSP members who were not members of parliament are under arrest.

RPP: Celal Paydas, Erol Saracoglu, Ferhat Aslantas, and Serafettin Elci.

RPP members Tuncay Mataraci and Hilmi Isguzar are under arrest for "making wrongful accusations." Also among those being held by the military court is Ahmet Yildiz, a former member of the National Unity group.

### Turkes' Suit Thrown Out

The 150,000-lira damages suit against RPP Youth Auxiliary Chairman Hasan Belovacikli by NAP Chairman General Turkes has been dismissed because Turkes' lawyers failed to show up at the second hearing.

### Statement Taken

The statement of RPP member Selahattin Baburoglu, a former senator, was taken yesterday at the martial law administration public prosecutor's office in connection with a speech given in 1976 in Nevsehir.

11673

CSO: 4907

## DEMIREL NOT TO BE TRIED FOR SLANDER

Istanbul CUMHURIYET in Turkish 8 Nov 80 pp 1,7

[Text] Ankara--The Ministry of Justice has refused to give its permission to try JP [Justice Party] Chairman General Suleyman Demirel on charges of slandering the government and has responded negatively to the Ankara attorney general's petition on this issue.

An investigation of JP Chairman General Demirel was initiated because of words belittling the government spoken in a 1978 speech, but the minister of justice at the time, RPP [Republican People's Party] member Mehmet Can, did not allow the case to go to trial.

Can spoke of the incident to a CUMHURIYET correspondent saying, "It was our understanding of democracy that to permit charges to be brought against opposition party leaders for criticizing, in speeches, the government in office, even though harshly, was not appropriate. This was the course we took."

In contrast, while Demirel was prime minister, the JP ministers of justice opened cases against those who made disparaging statements about the government. JP ministers of justice gave permission to try former RPP Chairman General Ecevit on charges from five investigations.

The Ankara attorney general requested, in writing, that the ministry initiate a case against Demirel, one of the prime ministers whose immunity was annulled on 12 September, but the Ministry of Justice did not deem this proper.

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CSO: 4907

## TEXT OF INTERIM CONSTITUTION RELEASED

Istanbul HURRIYET in Turkish 28 Oct 80 pp 1,13

[Text] Ankara (HURRIYET) -- According to the "Law on the Constitutional Order" which was adopted and released by the National Security Council [NSC] yesterday, the 1961 Constitution, with the exceptions specified in this law, will remain in effect until a new constitution is written. Meanwhile the constitutionality of communiques, directives and laws adopted and distributed by the NSC may not be contested and the Council of State may not be petitioned for a "stay" on procedures applied or to be applied in relation to public personnel.

According to the law on the constitutional order, the duties and powers assigned the Republican Senate and the National Assembly in the constitution will be performed temporarily by the NSC. The duties and powers assigned the president will be carried out by the chairman of the NSC and head of state.

Moreover, requests will not be made for a stay of implementation or cancellation of regulations contained or to be contained in Council of Ministers decrees, trilateral decrees and communiques and decisions published by the NSC which have been or will be issued after 12 September 1980.

According to article 6 of the Law on the Constitutional Order, regulations which are or will be contained in the communique and decisions of the NSC along with the laws adopted by the NSC which have been or will be published which do not conform to regulations of the 1961 Constitution or the laws in effect will go into effect on the dates given in the texts or the dates on which they are published as constitutional amendments or legal amendments as the case may be.

Signed by the members of the NSC, Ground Forces Commander Gen Nurettin Ersin, Air Force Commander Gen Tahsin Sahinkaya, Navy Commander Adm Nejat Tumer and Gendarmerie General Commander Gen Sedat Celasun, and adopted by the NSC, the "Law on the Constitutional Order" is as follows:

"The public was informed by means of the address broadcast on radio and television on 12 September 1980 by the chairman of the National Security Council and of the council's communiques of the causes which rendered necessary the seizure of administration by the Turkish Armed Forces, mindful of its historic responsibility on behalf of the great Turkish nation, which carried out the 12 September 1980 action throughout the full chain of command and seized administration in its entirety, of the goals of the action and of the manner in which the council is formed."

Article 1: The Constitution of the Republic of Turkey no 334, dated 9 July 1961, and its amendments are in effect until a new constitution is adopted and enters into effect, exclusive of the exceptions specified in the following articles.

Article 2: The duties and powers assigned in the constitution to the Turkish Grand National Assembly, the National Assembly and the Republican Senate will be carried out temporarily by the National Security Council as of 12 September 1980 and the duties and powers specified as pertaining to the president will be carried out and exercised by the Chairman of the National Security Council and Head of State.

Article 3: The constitutionality may not be contested of the regulations in communiques and decisions adopted and published by the National Security Council or the laws which have been or will be published.

Article 4: Requests may not be made for a stay of implementation or cancellation of Council of Ministers decrees or trilateral decrees which have been or will be issued after 12 September 1980 or of regulations which are or will be contained in the communiques and decisions of the National Security Council.

Article 5: After 12 September 1980, requests may not be made for a stay of implementation of decisions made and procedures which have been or will be applied concerning public personnel by ministers or those whom the ministers delegate.

Article 6: Regulations which are or will be contained in the communiques and decisions of the National Security Council along with the laws adopted by the council which have been or will be published which do not conform to the regulations of Constitution no 334, dated 9 July 1961, or the laws in effect will become constitutional amendments or legal amendments effective on the dates given in the texts or the dates on which they are published.

Article 7: This law enters into effect as of 12 September 1980 upon publication in the RESMI GAZETE.

#### General Rationale

The general rationale in the draft of the Law on the Constitutional Order states that the "Turkish Armed Forces, mindful of their historic responsibility, acted on behalf of the great Turkish nation and carried out the 12 September 1980 action by order and within the chain of order and command." It was recalled that the Constitution of the Republic of Turkey of 9 July 1961 remained in effect as well as all laws.

The general rationale of the proposed law on the constitutional order adopted by the NSC is as follows:

"Seeing that a climate existed in which multipronged attacks against the existence and independence of the Republic of Turkey, which is an indivisible whole as a nation and a people, and against our democratic regime, to which our people are wholeheartedly committed and which is truly secular, in which separatist and subversive provocations and behavior, anarchistic actions and armed terrorism, which virtually eliminated the security of property and the right and freedom to live without fear which must be provided and preserved in a civilized society and in the life of every state, had spread to the limit, and

"Seeing that the Parliament, the basic institution of the regime, had been brought to a state in which it could not perform its duty and that the roads had been closed by which the democratic volition could operate normally,

"The Turkish Armed Forces, born of the bosom of the nation, being mindful of their historic responsibility, acted on behalf of the supreme Turkish nation and realized the 12 September 1980 action by command and within the chain of order and command.

"The public was informed of the causes which rendered this action necessary and of the goals of the action by means of National Security Council communique no 1 and, in a more general way, by the address of the council chairman broadcast on radio and television on 12 September,

"And was informed of the manner in which the National Security Council was formed by communique no 4.

"As required by the action which the Turkish Armed Forces realized by order and within the chain of order and command, the National Security Council temporarily assumed legislative and executive powers and placed into effect in the form of communiques, decisions and laws by publication in the RESMI GAZETE the legal rules required by the circumstances.

"The program of the Council of Ministers, which was formed under Bulend Ulusu on 21 September and approved by the head of state, was discussed by the National Security Council and confidence in the government was expressed on 30 September.

"Thus the executive duty was released to the government within the framework of the Constitution and the law.

"The legal power of disposal of the National Security Council in the aftermath of 12 September 1980 has not removed from effect the legal rules and regulations which were in effect in the Republic of Turkey on 11 September 1980, but certain regulations have been changed by communique, decision and law as stated above and certain regulations have been introduced. Thus, the Constitution of the Republic of Turkey no 334, dated 9 July 1961, and its amendments remain in effect exclusive of certain amendments introduced by communiques, decisions and laws adopted and published by the National Security Council as of 12 September 1980 as well as all laws not having regulations amended.

"The National Security Council, until a new Constitution is written, presented for the approval of and accepted by the nation, will perform the duties of the Parliament, never failing to be guided by the principles of Ataturk, in order that the purposes of the action revealed to Turkish and world public opinion in the press may be achieved as soon as possible, and will exercise during this period in the manner dictated by the national needs and the national goals the powers of Parliament, including the power to amend the Constitution as stated in article 155 of the 1961 Constitution. It was deemed necessary that the appended law be written and placed into effect for the purpose of leaving no room for doubt as to the Constitution or the Interim Constitution or the legal order in general and for the purpose of meeting the needs, which have been or may be in the future specified, of the period which began on 12 September 1980."

## COUNTRY SECTION

TURKEY

### SALTİK GIVES POLITICAL STATUS REPORT

Istanbul MILLIYET in Turkish 29 Oct 80 p 7

[Text] Ankara, Special -- According to publications in the foreign press, National Security Council[NSC] Secretary General Gen Haydar Saltik said in a meeting with members of the foreign press yesterday that when political life returns to normal in the future, Demirel and Ecevit will be able to return to politics "if it turns out that they are in a position to continue their political lives." "When the conditions for a return to normal political life emerge, certainly there will be those in the parties engaged in political activities. They may be Ecevit or Demirel or Mr X or Mr Y," he said.

The NSC secretary general answered as follows questions as to whether the constituent assembly would be formed and, if so, when:

"The constituent assembly will be formed. As our Head of State Evren pointed out, the new constitution and political parties and electoral laws will be passed by the constituent assembly. We are only in our seventh week of the new administration. The constituent assembly had been formed after 7 months after 27 May; moreover, the problems of 27 May were not so deep. Today a political truce has been declared. There are no daily harangues on radio and television. The pockets of terrorism are being eliminated. These things are accomplished slowly. Tranquillity has been secured. The people's trust plays a role in this accomplishment. However, this struggle goes on. It will go on until the pockets of terrorism have been cleaned out. The political truce will continue until that time. However, an administration which has not yet rooted out all of the pockets of terrorism cannot give a specific schedule of events."

In answer to a question which recalled that the 27 May and 12 March experiments had not achieved total success, General Saltik explained the characteristics of the 12 September action and said that "this action was realized within the hierarchy and along the lines of the entire Turkish Armed Forces and the desire of the people." "We have come after 12 March and 27 May. We will not repeat their mistakes. We have learned many things. We are acting with patience and care. And we are working very hard," he said.

In the information he gave to the foreign press, Saltik revealed that "6,900 persons have been arrested since 12 September; 3,900 are in custody and 746 have been sentenced." The secretary general also answered questions on foreign policy, reported that "the Iraqi minister who visited Turkey brought no mediation proposal" and said, "If both sides mutually request mediation, we will help these

nations which are our friends and neighbors." General Saltik indicated that it was a false impression that the new administration would pursue a more flexible foreign policy than past governments.

#### Saltik Press Conference

NSC Secretary General General Saltik will hold a press conference on the interim constitution.

At the press conference, to be held at Parliament at 1100 on Saturday, 1 November, General Saltik reportedly will give information to the press only on the interim constitution. Domestic and foreign journalists will attend the press conference.

8349

CSO: 4907

## SWITZERLAND POSTPONES VISA IMPLEMENTATION

Istanbul HURRIYET in Turkish 1 Nov 80 pp 1,11

[Text] Berne (HURRIYET) -- The Swiss government, which had decided earlier to apply a visa to Turkey as of 1 November in conjunction with the Benelux countries, will delay this implementation for the present.

Turkish authorities in Switzerland reported that the visa decision will be placed in effect on a later date. It is not known why the Swiss government changed its mind on the visa which it had already decided to implement, and no detailed announcement was made.

Some observers say that the visa's contradiction of the principles of the Council of Europe led to the Swiss government's decision.

As opposed to Switzerland's changing its mind at the last minute, Belgium, the Netherlands and Luxembourg (the Benelux countries), which had indicated their firmness in this regard earlier, began implementation of the visa for Turkish citizens as of today. Thus, three more West European nations in addition to France and West Germany have put visas for Turks into effect.

With the Benelux countries' visa going into effect, the people in Istanbul and Ankara who already spend their lives in lines for various goods now have the added ordeal of the lines in front of the embassies and consulates of the nations requiring a visa.

From now on, those wishing to go to the Benelux countries, like those going to France and West Germany, will have to get a visa first and fill out and sign various forms and documents and stand in the visa lines in order to do it. Thus the Benelux countries will restrict the number of Turks and will perform in Turkey the oversight they cannot perform at the borders. Meanwhile, since Luxembourg has no consulate in Istanbul, those wanting visas will have to apply to the embassy in Ankara.

8349

CSO: 4907

## SIRMEN EXAMINES NEW ASPECTS OF AEGEAN ISSUE

Istanbul CUMHURİYET in Turkish 8 Nov 80 p 1

[Article by Ali Sirmen: "To Look at the Aegean"]

[Text] When you look at the Aegean and the two shores of this sea on the world map at the Pentagon, you see the indented shores surrounding what appears to be a small lake amidst magnificent expanses. Looking at such a map keeps you from seeing as they really are the huge state to the north of Turkey and other details. If the person looking at the map is an American or a NATO person, the details of the Aegean are thoroughly lost to view.

Yet, when you look at the same sea from the Anatolian shores and see the Greek lakes so close you can hear the cocks crowing, you immediately notice the error of the Greek view which tries to capture all of the huge expanse of Anatolia in the Aegean within its own narrow continental shelf and which takes this historic sea as its own internal sea and you are immediately aware of the frightening consequences of hesitating to oppose this error in time.

Moreover, if you are only a little interested in history, you cannot help but know that this sea has throughout history been a war route between the two shores for those from the western shore.

If it is true that a NATO officer looks at the Aegean on his own big map, bearing in mind the broad areas of his responsibility, it is equally true that we, as a Turk, look at the Aegean from our own shores and see the details of events.

Turkey is only able to be a member of NATO and to live with the need not to suppress its own national interests by being able to reconcile these two perspectives within a reasonably suitable framework.

Turkey's administrators, as the responsible persons of a NATO member nation, may think that they have the responsibility of preserving the strength of the alliance' southeastern flank. It is certain, however, that great responsibilities are borne in the same way as to Turkish interests in the Aegean.

In Greece's return to the military wing of NATO, Turkey must have been thinking about the strength of the southeastern flank of the alliance when it accepted the Rogers plan and the principle of working out command control areas later as functional.

Whether Turkey's attitude leads to a positive, lasting and just solution depends only on Greece's acting with good will. It is true that we thought it would be optimism to the point of dreaming to expect this good will from Athens.

We would have liked to be wrong.

Nevertheless, Greece wasted no time in making its true intentions brutally clear without even feeling the need to hide behind a modicum of diplomatic subtlety.

As soon as the Greeks returned to the military arm of NATO, do you know what the first thing they asked for was?

Turkey's secret defense plans.

The secret plans which the NATO nations give to the organization at the end of July every year show where their forces are located and where and to what extent arms are concentrated.

Greece has neither given NATO its own secret defense plans nor had a chance to see Turkey's since 1974 because it withdrew from the military arm. Ankara informed its partners who wished to see its plans that they could examine the plans only under its own supervision and that they could not remove the files. In this way, Greece was prevented from acquiring the plans by indirect means.

However, since it has now returned to the military arm, Athens thinks itself justified in demanding the secret plans.

And thus this flagrant and crude behavior makes it clear once more how wrong it is to rely on Athen's good will and how risky it is for our nation to give priority to the first of the two perspectives in resolving the Aegean problem.

Actually, we should thank the Greeks for this action.

They have shown us how wrong it is to trust Greek benevolence when it has not been known for some time what factors make up its motives.

In any case, we have seen that in the direct or indirect solution of the problems between us and Greece, always looking at the problems from our own shores is necessary and problems arising in perspectives from distant focuses should be pushed into second or third place.

It may be a little late and difficult, but this much is something.

Reversing the damage, at whatever point, is an advantage.

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## SURVEY OF DEFENSE PURCHASES, INDUSTRY GIVEN

Istanbul HURRIYET in Turkish 8 Nov 80 p 13

[Text] Ankara (HURRIYET) -- Minister of National Defense Haluk Bayulken reported that the Rogers plan which ensured Greece's return to NATO was an interim plan, that Turkey's interests were being guarded and that the problems would be resolved through negotiations. Bayulken pointed out that the reports about Greece's asking for the annual military evaluations from the years it was not in NATO were untrue and said, "There can be no question that a nation not in the military mission would request reports concerning the period of its absence."

Minister of National Defense Haluk Bayulken pointed out that military aid to Turkey after the embargo was a topic on which public opinion was sensitive. "The United States gave Turkey a total of \$1.3 billion in free aid in the years between 1951-1974; the total during 1976-1980 after the embargo was \$800 million in credit," he said.

## German Aid

Announcing that Germany had raised significantly its military aid to Turkey and that F-104 aircraft had been purchased from the Netherlands, Bayulken said:

"Three separate free aid packages have been received from West Germany: the NATO defense donation received in 18-month installments, a large package of free aid and 600 million marks in special aid. In the installment aid, 50 million marks were received in 1964, which was raised to 100 million marks in 1964 and 150 million marks in 1979. To date, a total of 950 million marks has been received in 11 installments.

"According to aid approved by the German parliament, 600 million marks in free aid will provide the Milan antitank weapons system, Leopard tanks, tank field repair vehicles and modernization of some existing M-48 American tanks needed by our Armed Forces."

Defense Minister Bayulken noted that F-104 aircraft will be purchased at very low prices from the Netherlands and Belgium and gave the following information:

"Canada has decided to give Turkey \$25 million in free aid. Efforts are in the final stages. Discussions are being held for the purchase of 5 more F-104 aircraft in addition to the 25 from the Netherlands."

National Defense Minister Haluk Bayulken announced that important decisions had been made at the meeting in Ankara on 16-17 October of the Turkish and American joint executive groups in accordance with the Defense Cooperation Agreement signed between Turkey and the United States.

#### War Planes Industry

Giving information on the war planes industry to be established in Turkey, Minister Bayulken said that it would require \$2.8 billion spread over 1983-1992 and added the following:

"The United States proposed building F-5E aircraft, France proposed F-1E and the British proposed Jaguar aircraft.

"The proposals were subject to prior approval from the technical standpoint by TUSAS [Turkish Aircraft Industry Corporation]. They were evaluated from the tactical standpoint by the Office of the Chief of the General Staff. The most important matter for realization of aircraft manufacture in Turkey is foreign credit. At 1981 prices, it will require \$2.874 billion from 1983 to 1992. TUSAS has begun negotiations to obtain this credit with the firms submitting proposals. TUSAS has spent 304 million liras to date. It has purchased 5 million square meters of land near Ankara-Muried. The Fund to Strengthen the Turkish Air Force has to date raised 5.865 billion liras for TUSAS. Four billion liras are in the Treasury and state hands and 900 million in ASELSAN [expansion unknown] and other projects."

#### Reserve Officers Law

National Defense Minister Haluk Bayulken announced that the law amending the Reserve Officers Law had been prepared and would go into effect as soon as it was approved by the National Security Council and said:

"Fitness for military service of candidates who are graduates of institutions of higher learning will first be determined according to the Turkish Armed Forces Health Administration. If those opting for military service from among those found fit exceed the needs of the Armed Forces, a selection will be made. As a result of the selection, candidates to fulfill the need will be made reserve officers, those over the need will serve as enlisted men and NCO's. This law introduces enlistment status voluntarily or by selection.

"Until the new law goes into effect, all candidates who have completed 2- or 3-year colleges will be subject to the new law; that is, they will either be subject for enlisted men or NCO or those who win the selection will be reserve officers and those who do not will be enlisted men or NCO's."

National Defense Minister Bayulken announced that as of October 1980, 866 persons from among war workers employed had applied for the foreign exchange military service option and gave the following information:

"In accordance with the law which was published in the RESMÎ GAZETE and went into effect on 20 March 1980, citizens not yet 29 years of age who have been working for at least 1 year in a foreign country in the capacity of a worker with work and residence permits may be considered as having performed their patriotic duty by depositing the equivalent at the official rate of exchange on 1 March 1980 of 100,000 liras in foreign currency and undergoing 2 months of basic military training."

## HOUSING SOLUTION TO REQUIRE VAST SUMS

Istanbul MILLI GAZETE in Turkish 7 Nov 80 p 4

[Text] Ankara (ANATOLIAN AGENCY) -- Minister of Reconstruction and Resettlement Serif Tuten pointed out that beside a housing shortage of 1.2 million units, it was necessary to build 340,000 homes per year. He said that this would require 400 billion liras, a housing investment of 400 billion liras.

At a press conference yesterday, Tuten said, "As 400 billion liras cannot be allocated for housing construction from state budget resources alone, the intention is to undertake practices to enable individuals and cooperatives to work within the plan, the recession and credits to produce housing.

"Housing has been considered a dead investment in the three planning periods. This is impossible. Mass housing construction has become an urgent problem for our country. Draft laws prepared at the conclusion of the housing studies we have conducted have the goal of raising the capital of the provincial banks to 20 billion liras, the capital of the Turkish Real Estate Credit Corporation Bank to 10 billion liras and the capital of the land office to 5 billion liras.

"There are 77,000 as yet uncompleted disaster housing projects from natural disasters since 1964 which stand as a state debt to the citizens.

"Moreover, work is under way at our ministry for stepping up the work on urban development plans, zoning and regional plans and metropolitan area planning.

"By completing urban development plans in short order, citizens' individual complaints can be resolved quickly. Moreover, efforts are under way in conjunction with the Interior Ministry to solve the technical and administrative problems in the metropolitan areas."

Minister of Reconstruction and Resettlement Tuten said in regard to efforts to increase housing credit resources and limits that they were trying not to overtax the budget and were seeking ways to raise the housing credit allowed by the Real Estate Bank to 500,000 liras.

Noting that various solutions were being sought as resources for raising housing credit limits and that the ministry would propose that 50 percent of the projected worker severance pay fund be invested in the purchase of Real Estate Bank bonds, Tuten explained as follows the efforts to find resources for disaster housing construction:

"As known, a law was passed earlier allowing for the use in disaster housing construction of income to be gained through a 1-lira price increase on Monopoly items. We would now like to change this practice and have, instead of 1 lira, 10 percent of price increases transferred to the disaster fund."

Minister Tuten added, moreover, that efforts were made to build disaster housing to comply with regional characteristics.

Summing up the work on the selling of shares as "in a manner not to deceive the housing builder and not to shackle the shares seller, but to keep it under control," Minister Tuten added that construction of the Ankara Metro at the present stage was the concern of the Ankara Municipality.

8349

30: 4907

## OVER ONE BILLION DOLLARS IN DEBTS TO BE PAID

Istanbul MILLIYET in Turkish 29 Oct 80 p 8

[Article by Emin Colasan]

[Text] Ankara -- A report entitled "Economic Stabilization Measures and the Results of Implementation," prepared by the State Planning Organization [SPO] and distributed to the members of the Council of Ministers, speaks of the basic problems of the Turkish economy and lists among them mistakes, omissions and delays in the adoption and implementation of economic and political measures, inflation, gradually declining use of capacity, export performance, diminishing domestic savings, foreign loans, unemployment and unfair taxation. The 140-page document, called the "Council of Ministers Briefing," deals with almost every aspect of the Turkish economy and was revealed to the members of the Council of Ministers at the end of last week.

The section headed "Situation Analysis," discussion of which will continue in the Council of Ministers on 7 November, points out that the Turkish economy has gradually become more and more dependent on exports and says, "The effort to open new areas of employment, unfortunately, have not matched the growing work force."

According to data contained in the SPO's "Council of Ministers Briefing," Turkey's foreign trade balance this 4.1 [as published]

The document, presented for the discussion of the Council of Ministers members, [states] that transfer transactions made from January to September 1980 will have a \$1 billion deficit as compared to the same period last year. Current transactions will realize a balance deficit at 2.7 billion.

According to data contained in the document, our nation will have to pay \$6.9 billion for exports this year and \$3.1 billion of this figure will be spent on oil imports alone. Eight years ago in 1972, Turkey paid \$156 million for oil imports.

[as published] will double, it is said. According to this, as opposed to \$2.2 billion in export transfers in the first 9 months of last year, this figure was \$4.1 billion in the first 9 months of this year. Positive developments, however, have been seen in expected transfers since the first of the year, with the amount of transfers expected to be \$947 million as of 24 January 1980 declining to \$468 million on 1 October 1980. Of this amount, \$193 million are the expected transfers of the private sector and \$275 million, expected transfers of the public sector.

Principal and interest on foreign loans which Turkey must pay in 1980 has risen to \$1.2 billion. According to data referred to in the document, the amount of our nation's foreign loans as of the end of 1979 was \$16 billion. This is estimated to be in excess of \$18 billion with the new loans obtained in 1980. The largest portion of foreign debts is \$8 billion due to OECD nations by the end of 1979.

Private institutions follow with \$5 billion and the World Bank with \$2 billion.

The tables given in the document show a large increase in the state Treasury's cash deficit as compared to previous years. As of the end of September 1980, the Treasury cash deficit had risen to 92 billion liras. The cash deficit was 32 billion liras in the same period last year.

Total KİT [Public Economic Enterprises] debts as of 15 October 1980 had risen to a record level of 163 billion liras. Of this amount, 11 billion liras was debts to contractors, 12 billion liras was debts to personnel and 14 billion liras was accumulated debts to producers. KİT tax bills as of the same date were 30 billion liras. Moreover, debts owed by KİT's to other KİT's rose to 95.5 billion liras.

The document which was prepared for the briefing of the Council of Ministers on economic matters has a separate section on strikes and lockouts and points out that 7,708,750 work days were lost to strikes and 93,019 work days to lockouts. According to the data given in this regard, work days lost to strikes in 1979 were 1,147,721; in other words, the economy's loss of work increased 7-fold in 1 year. As opposed to 21,000 workers participating in 126 strikes in 1979, there were 220 strikes in the first 9 months of 1980 and 85,000 workers participated in strikes.

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OSD: 4907

## CONSUMER BUYING POWER CONTINUES TO SLIDE

Istanbul MILLI GAZETE in Turkish 3 Nov 80 pp 1,7

[Text] It has been learned that the severe stagnation that exists within the market is growing with every passing day because of the decline in citizens' purchasing power.

According to information our correspondent obtained from merchants and tradesmen, the constant reduction in consumers' buying power is seen as the reason for the economic slump.

The fact that wage increases are proportionally much lower than price hikes has created further stagnation in recent days. Owners of shops and businesses state that a number of promissory notes are being protested because of reduced sales and that wholesalers, as well, have been left in a difficult situation.

In particular, the sale of expensive household goods has nearly ceased. Lowered sales of carpets, refrigerators, washing machines, drapery material, and manufactured goods are what is noted within the static atmosphere.

Whereas the cost of Isparta carpets varies between 7,000 and 7,500 liras per square meter, the price of a refrigerator has climbed as high as 55,000 liras. It takes between 35,000 and 40,000 liras for a citizen to buy a washing machine.

In the meantime, the price of drapery material, which was 250-300 liras a while ago, has risen to 650-800 liras today. The cost of manufactured goods composed of various parts has climbed by an average of 70 percent.

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## INFLATION TO REMAIN OVER 85 PERCENT

Istanbul CUMHURIYET in Turkish 28 Oct 80 pp 1,7

[Text] CUMHURIYET ECONOMIC SERVICE -- It is seen that general price increases for 1980 will be at least 85 percent by the end of the year to break a record and that the general increase level will reach 100 percent if increases in the last 3 months exceed an average of 3 percent.

Gross national product projections prepared according to data from the first 9 months of the year by the State Statistical Institute [SSI] show that the general price increase level at the end of July was 70 percent. Research by the SSI based on Trade Ministry price indexes maintains that general price increases in 1980 will be 85 percent, assuming later price increases in October, November and December do not exceed 9 percent. However, a more rapid price increase may occur by the end of the year, especially if caused by prices of agricultural products, and thus a total increase of 100 percent at the end of the year is highly likely.

GNP projections indicate that price increases will reach 74 percent on agricultural products and 93 percent on industrial products at the end of the year.

Meanwhile, economic experts note that with constant devaluations, imports required for raising production in Turkey have become more expensive and that there may be unexpected price increases in the final 3 months as this is reflected on domestic prices and say: "Documents from the highest official organs prove that those who said they would keep the 1980 average at 60 percent were wrong. We would think, in this situation, that preventing inflation from going over 100 percent would be success."

## National Income Will Decline

SSI national income projections for 1980 indicate that with around a 2.2 percent decline, GNP will reflect "a constriction which only an economy being run on IMF prescriptions envisages." Projections documenting a 2 percent average decline in gross domestic product show a 3.6 percent decline in industry stemming primarily from the manufacturing industry as opposed to a 2 percent development in the agricultural sector. The trade and communications sectors will also register around 4.5 percent and 4 percent declines.

Thus, national income will decline for the first time in 1980.

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CSO: 4907

## LABOR CONTRACTS MARK PERIOD OF TRANSITION

Istanbul CUMHURIYET in Turkish 3 Nov 80 pp5

[Article by Sukran Ketenci]

[Text] Sadik Side, who serves as minister of social security and, at the same time, as Turk-Is [Turkish Confederation of Labor] secretary general, has announced that 17 collective bargaining agreements affecting approximately 250,000 workers employed in the public sector will be signed at the beginning of November. Let us state immediately that there is more to this pronouncement than the mere signing of agreements for 250,000 workers. There is more to this than their being the first agreements to be signed following the 12 September takeover.

The first notice issued along with the 12 September takeover banned strikes and lockouts. A decision that followed close behind gave foremen a 70-percent raise as an advance so that they would not be victimized any longer. Later, the 70-percent wage increase encompassed more workers so as to include all businesses whose collective bargaining contracts had expired. Now, the 70-percent increase is being scrutinized once again as the door is opening for the signing of collective bargaining agreements, and a transition period in employer-employee relations has become an item on the agenda.

## Differences in Wages Created

There is nothing to criticize in giving workers a wage increase as an advance so that they "will not be victimized" or in deeming a 70-percent increase appropriate as was done when a base increase was determined at Coordination Council meetings held by the government and Turk-Is. Broadening application to include all businesses at which collective bargaining contracts had expired and for which new agreements could not be signed can also be interpreted as favorable to workers.

However, the results of this practice, which is being carried out with the belief that it is neither improper nor unjust, are not ones, as can be seen from a distance, that will ensure labor peace. On one hand, there

are businesses at which collective bargaining agreements were able to be signed prior to 12 September. On the other hand, there are those businesses at which the 70-percent increase is being applied. For example, Tek Gida-Is [Turkish Tobacco, Intoxicants, Food and Ancillary Workers Union] members employed at the monopoly benefit from a more-than-400-percent wage hike through a contract signed 2 months ago while members of the same union who work for CAYKUR [Tea Producers Organization] labor at a 70-percent increase. A significant difference in wages has been created.

This difference is even greater at businesses at which there has been a long-standing impasse and at businesses that went back to work following a strike. For example, while Tek-SIF [Federation of Turkish Textile, Weaving, and Wearing Apparel Industry Workers Unions] employees, who signed a contract about a year ago, work for 600 liras, textile workers who went back to work after a 6-month-long strike earn 370 liras.

#### Employers Also Disturbed

The difference in wages for workers doing the same job at different businesses disturbs not only employees, but employers as well. In addition to the fear that there can be no labor peace, there is also the unjust competition among businesses that is created by such a difference in wages. For this reason, owners of large industrial organizations went to Ankara even before the 70-percent increase was applied and proposed that the 70-percent base be approved and that they be given the right to exceed this amount. The acceptance of such a request created the concern that there would be discrimination between workers in the private sector and those in the KİT [Public Economic Enterprises]. However, the necessity to reexamine the 70-percent increase as quickly as possible and to establish principles for the interim period was placed on the agenda.

The news that 17 contracts will be able to be signed is evidence that principles for the transition period will be defined in the weeks ahead.

#### How Will They Be Signed?

In order to be able to say that a collective bargaining agreement exists, one must be able to say that there is a free union and that free collective bargaining is taken place. Will permission be given for unions affiliated with Turk-Is that have not been closed down and whose activities have not been suspended to engage in free activities and to negotiate a free collective bargaining agreement so that these agreements can be signed? Signing these agreements by way of a system that would lead to free union activity and free collective bargaining would be a step forward in the transition to a truly free union system and to democratic employee-employer relations. However, if these agreements are the products of negotiations held prior to 12 September and if the present-day free will of unions involved is not taken into consideration, the agreements that will be signed will merely serve to provide workers at those businesses with a series of economic rights.

## Valid Solution

There will be those who defend the notion that the lack of a free collective bargaining system is not very important because the ban on strikes will not be lifted during the transition period and since one cannot even talk about the right to strike, to unionize, to collective bargaining at this point. However, there is certainly a significant difference between the determination, by a commission or a council, of the principles of agreements to be signed under a system that can be called "compulsory arbitration" and negotiation among the parties involved. A question may be asked. What will happen if, after free negotiating takes place between a union that is permitted to act freely and the employer, no agreement is reached since a strike cannot be called? The response would be as follows. Then, bring in an official council or body that will draft an agreement appropriate to the generalization system. If agreements have not been able to be signed, the extension of an appropriate agreement from another branch of business if one exists or from another branch if one does not could be a valid solution to a union whose activities have been suspended. And, these types of solutions will also become workable to a degree, in the face of employees unions that remain open, to workers unions.

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CSO: 4907

## UNEMPLOYMENT RISING AS INVESTMENT RECEDES

Istanbul CUMHURİYET in Turkish 11 Nov 80 pp 1,7

[Article by Yalcin Dogan]

[Text] Ankara--The effects of 9-months' application of economic measures taken on 24 January 1980 by the Justice Party government continue to be felt. Negative effects noted on national income, production, prices, foreign purchases, and foreign sales are also in evidence in several other basic economic indicators. Accordingly:

1. The unemployment rate climbed 50 percent in the first 7 months of 1980.
2. Comparing May 1979 with May 1980, a large decrease in real wages is seen.
3. There has been a 20-percent decline, at constant prices, in total investment expenditures during the first 8 months of 1980.
4. As a result of allowing interest rates to fluctuate freely, bank credit is being channeled to commercial credit, and a reduction in industrial credit has been observed.

## Unemployment Rises

According to IIBK [Labor and Employment Organization Directorate General] statistics, the number of unemployed persons continues to increase. Comparing the period from January-July 1979 with January-July 1980, a 50-percent rise in unemployment attracts attention.

Likewise, there have been significant reductions in the number of persons applying to the IIBK for the purpose of finding work and in the number of persons placed in jobs. For identical periods of 1979 and 1980, there has been an approximately 32-percent decline in applicants looking for employment through this organization. For this reason, the possibility of the IIBK's helping find work has been limited. There has been about a 45-percent decrease in the number of persons placed in jobs through the IIBK.

While the number of jobless has been increasing, the number of available jobs has been falling. According to IIMK statistics, there has been about a 29-percent decrease in vacant positions.

#### Real Wages Decline

A study dealing with wages reveals a decline in real net and gross wages. Wages remain far behind price increases.

It is possible to examine real wages, which are determined by the elimination of the effects of price increases, in two manners. The first of these is "real gross wages," and the second "real net wages." When comparing wages in May 1979 from these two aspects with those in May 1980, startling figures arise. A real gross income of 272.14 liras in May 1979 fell to 176.84 liras in May 1980. Real gross wages are wages for which price increases have been accounted, but which include deductions such as taxes, insurance, and revenue stamps. Therefore, after subtracting deductions such as taxes, insurance, and revenue stamps from the real gross wage, the remainder is the real net wage. A real net wage calculated in this manner of 151.32 liras in May 1979 fell to 92.37 liras in May 1980.

This comparison of real gross and net wages provides evidence of the huge burden of taxation that is placed on wage earners. Interpretation of such a decline in wages demonstrates that it is the working sector that suffers the greatest from the economic measures taken.

#### Reduction in Investments

There is further evidence that unemployment will continue to rise and real wages continue to fall. The 1980 economic situation thus far reveals a significant reduction in investments.

Total public investments planned for 1980 were 312 billion liras. During the first 6 months of the year, 116 billion liras were spent on investments. Thirty-seven percent was set aside for public investments, but only 30 percent was actually spent. Taking 1980 public and private investments together, the following situation emerges. Total investment expenditures at current prices will exceed 600 billion liras. However, if the amount of money spent on investments is determined by eliminating price increases, there is a 20-percent reduction in total investments at constant prices.

#### Commercial Credit Increases

Following deregulation of interest rates, an increase in total bank credit was observed. The increase between the first 9 months of 1979 and the first 9 months of 1980 was approximately 32 percent. However, the greatest rise was noted in commercial credit. It comprises 75 percent of total credit. Industrial credit fell during the same period. According to recent statistics, industrial credit accounts for 7 percent of the total.

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CSO: 49/7

## PRIVATE SECTOR OUTPRODUCES PUBLIC SECTOR

Istanbul TERCUMAN in Turkish 28 Oct 80 p 5

[Text] ECONOMIC SERVICE -- The Istanbul Chamber of Industry [ISO] revealed that the private sector is working more than twice as productively as the public sector, according to the results of research it conducted among the largest 300 industrial establishments.

Of the 300 firms, which are listed according to their 1979 sales, 250 are from the private sector and 50 from the public sector. The 300 firms' annual sales (endorsements) approach 500 billion liras, 63 percent of which is accounted for by the private sector and 37 percent by the public sector. While the private sector made 40.5 percent gross profits as compared to sales and 9.8 percent as compared to net assets (43 percent of this profit goes to corporation, withholding and fiscal balance taxes), the public sector's profit rate was only 34.8 percent and 7 percent respectively. Moreover, establishments registering a profit in the private sector were 91 percent and in the public sector, 74 percent.

As for per-worker sales volume and profitability, the productivity and profitability difference between the two sectors is more noticeable. Sales per capita of personnel in the private sector was 1.646 million liras, while in the public sector this dropped to 872,000 liras. Profitability per capita of personnel employed is: in the private sector, 161,000 liras gross profit per person; in the public sector, 61,000 liras gross profit per person.

ISO interpreters attribute the decline in public sector productivity to various factors, including primarily unnecessarily inflated hiring, administrative defects, irresponsibility, financing problems and political interference. Noting that the clearest indicator of fat in personnel hiring in the public sector is seen in the sales of the two sectors the experts pointed out that 240,000 workers are employed by the public, constituting 54 percent of 444,000 total workers at the 300 firms, but despite this advantage, only 37 percent of sales were in the public sector.

According to information given by those concerned, Turkey's biggest 300 industrial establishments accomplished more than 50 percent of all industrial production and profits. This indicates that the ISO evaluation reveals important data on the general inputs of Turkish industry.

## INDUSTRY UNABLE TO USE EXPORT INCENTIVES

Istanbul MILLIYET in Turkish 28 Oct 80 p 9

[Article by Hukaddes Orcun]

[Text] Expectations of companies hoping to have surplus products as a result of the tight money applied to fight inflation in the 25 January measures and the reduction of public purchasing power and to turn the surplus into exports reportedly will not be met in view of the demand they have encountered for their products and the financing they have been able to find, because of the reductions. It is maintained, moreover, that reduced production will refuel inflation in which a slowdown has been observed for some time.

In an open forum on "Production" in BANKA VE EKONOMIK YORUMLAR magazine, Financial Coordinator Osman Nuri Torun of the Turkish Bottle and Glass Factories Corporation pointed out that the "drop in production stems from the drop in demand as a result of the price policy and the producing firms' having regulated themselves according to demand" and said the following:

"If there had been no strikes, this reduction in domestic demand would have left many companies facing the threat of closure. I do not know what the goals of the unions were, but they facilitated from the financial standpoint the creation of idle capacity at certain establishments which would have had to create idle capacity because of declining domestic demand. The most strikes were in the sectors which would have been idle from the capacity standpoint. Textiles, metal goods and glass, which are the major export-oriented industries, would have been forced to turn to foreign markets on a broader scale, while the strikes presented the firms an opportunity to resolve the problem cheaply on a broad scale without turning abroad since they amounted to putting the workers on leave without pay."

Speaking of "the exportation difficulties arising under the present circumstances in Turkey both from bureaucratic obstacles and the conflicts in incentives," Osman Nuri Torun contended that "excluding the agricultural products industry, exports by the manufacturing industry are only around \$230 million and even textiles exports have not been advantageous for Turkey." Torun felt that "the industries which are less dependent on imported inputs should be encouraged instead of general exportation incentives" and said, "Most of the exporters receiving encouragement today import \$100-worth of goods for every \$80 they earn in foreign exchange."

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CSO: 4907

## FOREIGN FIRMS COMPETE IN STEEL MILL CONTRACT

Istanbul CUMHURİYET in Turkish 11 Nov 80 pp 1,7

[Text] Izmir--Corporations that have submitted proposals for the construction of the first unit of the MKE [Machine and Chemical Industry] steel factory, which was halted due to the lack of appropriations, are asking for "commissions." Furthermore, there are large differences among the bids made by the foreign and domestic firms.

The need for foreign money for investments that have been halted in Turkey is seen to be developing an appetizing market for foreign commission agent corporations. Commission agent firms, while on one hand refraining from submitting bids due to the unstable political situation in Turkey, are, on the other hand, increasing costs by secretly serving as commission agents. This situation exists once again in the Aliaga steel investment. It can be seen that foreign consortiums are submitting bids that include commission fees for this giant investment, whose requirements for foreign currency has not been able to be solved since 1977. According to determinations that have been made, the amounts sought for the same investment by the consortiums, which act as monopolies, are:

1. Sybetra Consortium: no price cited.
2. Demag: 4.1 billion liras.
3. Krupp: 7.2 billion liras.
4. Elektroinvest: 2.6 billion liras.
5. Marubani Corporation: 6.0 billion liras.
6. United States Steel: 7.3 billion liras.
7. Asmas (a domestic corporation): 357 million liras.

The striking differences in the sums on one hand and the fact that the price cited by the only domestic firm is a tenth of the others attract attention.

The inexpensive price quoted by Asmas, the only Turkish firm to enter the bidding, is the result of the use of a great deal more domestic technology. The proposal submitted by the firm to MKE noted that much of the unit, including the arc furnace, could be built using resources existing in Turkey.

Foreign trusts are resorting to force using unbelievable methods in order to increase the need for foreign money, which is estimated to be \$250 million in feasibility studies. For example, the Japanese Marubani Corporation has opened an office as an engineering service and proposes to train one MKE engineer in Japan for this job. At a time when Turkey's metallurgical engineers are being exported in order to find work, sending an engineer to Japan for training is considered the most obvious evidence of the use of coercion. This consortium has asked 10,000 liras a day for observers' fees and 3,000 liras per day for training.

One of the firms that submitted a bid along with the others for the Aliaga project, which is seen as a giant project to meet Turkey's needs for quality steel, is currently serving as advisor on this investment. United States Steel, which submitted the most expensive bid, was chosen as the official advisor from 1979 to the present. It is felt that this situation will have a negative effect on the selection process.

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CSO: 4907

## LIBERAL PARTY LEADER ON SOLUTION OF PALESTINE PROBLEM

LD201339 London ASH-SHARQ AL-AWSAT in Arabic 19 Nov 80 pp 1, 2

[Report by Anne Whitehouse: "British Liberal Party Leader: We Support Establishment of Sovereign Palestinian State in West Bank and Gaza"]

[Text] London--British Liberal Party leader David Steel and four leading members of his party have called for the establishment of a sovereign Palestinian state in the West Bank and Gaza with a corridor linking them similar to the "Berlin corridor." This came in a report published today.

David Steel said at a press conference in London today that "the Palestinians must first establish a sovereign state and then decide what they want to do with this sovereignty." He added: "They may decide to ally themselves with Israel or with Jordan or keep their independence; this is up to them."

Steel's remarks have expressed the views of a Liberal Party fact-finding delegation which toured the Middle East in September and October, the delegation included David Steel and three Liberal Party members of parliament. They visited Syria, Lebanon, Jordan, Israel, the occupied West Bank and Egypt. The tour lasted 2 weeks during which it held talks with government officials, including heads of states of those countries, and representatives of many political groups in order to reach a balanced appraisal of the conflict in the Middle East.

However, Steel emphasized that the delegation's recommendations, which were published yesterday (Tuesday) under the title "Middle East Report," do not represent the policy of the Liberal Party as a whole. A recent issue of the newspaper, LIBERAL NEWS, published by the British Liberal Party which contained the report also carried letters from five Liberal Party members (out of the 12 members representing the Liberal Party in parliament) also stressing this point.

Steel said it is likely that the coming year will not witness any progress in the Middle East political problems because of the new administration in the United States and the coming parliamentary elections in Israel. In view of this vacuum the European countries must take the opportunity to expand the Venice initiative and prepare for a conference similar to the Geneva conference to be held next year, provided that it should include the PLO, the United States and the Soviet Union.

David Steel said: "One of the new elements is the European determination to give the guaranteeing of peace prominence on the agenda of international political actions."

Steel said that before a Palestinian state is established a two-stage operation must take place in that the PLO must withdraw its declared intention to destroy the State of Israel and Israel must officially recognize the PLO.

Steel left no room for doubt that the delegation (the Liberal Party delegation) looks forward to the PLO taking the first step, if for nothing but because it will be the most likely thing.

Steel expressed his doubt that Begin's government will ever recognize the PLO unless the organization first withdraws its declared intention to destroy Israel. However, he explained that there is certain basis for optimism in PLO leader Yassir Arafat's answer when he was asked whether the PLO will recognize Israel. Arafat replied: "I cannot answer this question at present. This matter is left to the Security Council." At the same meeting Arafat denied that the PLO is committed to destroying Israel. He also rejected the interpretation that the Palestinian charter says so, according to the report.

Continuing, Steel said that he personally does not recommend the establishment of a Palestinian state in the West Bank and Gaza because serious economic problems will emerge. He said he prefers merging this state with any of the two neighboring states, but this matter is left to the Palestinians themselves.

The Liberal Party delegation's report says that Jerusalem should not be a place exclusively for Israel and that the (Israeli) law annexing Jerusalem cannot have an international legal validity. The freedom of passage to the holy places must be preserved and the repartitioning of Jerusalem is unacceptable. While Israel must be allowed to take western Jerusalem as its capital a Palestinian state must take eastern Jerusalem as its capital if it wishes so. Commenting on this, Steel said the internationalization of Jerusalem would be the next best choice.

The report recommends that the Golan Heights be made a demilitarized area subject to an international agreement provided that inspections be carried out by bilateral forces or international forces under UN supervision.

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December 12, 1980

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